

*20<sup>th</sup> Anniversary*



*Serving & Sharing with Passion*

# Sales Force Effectiveness

COLLECTION 2021

Boosting Med Reps Effectiveness

Med Reps Survival Post-Covid-19

Service-led Medical Calls

Best-in-class Hospital KAM

Hospital & Institution Relationships in Regions

Best-in-class Field Force Organization

**PART 4**

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This e-book is the Part 4 of the 20<sup>th</sup> anniversary collection of Smart Pharma Consulting's best position papers published, in line with its commitment to share knowledge and thoughts

### Presentation of the 2016 – 2021 Publications

- On the 20<sup>th</sup> anniversary of Smart Pharma Consulting, we have compiled 34 position papers published since 2016
  - These publications propose effective and practical solutions to help pharma companies improve their performance
  - For so doing, we share openly:
    - Business insights
    - Concepts
    - Methods
    - Tools
- } The majority of which have been developed by Smart Pharma Consulting
- This “2021 Collection” is being released in six parts:
    1. Market Insights
    2. Strategy & Market Access
    3. Medical Affairs & Marketing
    4. Sales Force Effectiveness
    5. Management
    6. Training Programs
  - We hope that this 20<sup>th</sup> anniversary “gift” will be of high value to you
  - We will keep on sharing with you our thoughts and recommendations in the years to come

*Jean-Michel Peny*

# 4. Sales Force Effectiveness

**Boosting Med Reps Effectiveness**

BEST-IN-CLASS SERIES

Implementation of the ELITE Program

POSITION PAPER

p.4

**Med Reps Survival Post-Covid-19**

MARKET INSIGHTS

Vision & Recommendations

POSITION PAPER

p.28

**Service-led Medical Calls...**

BEST-IN-CLASS SERIES

... to secure access to physicians & boost Brand Preference

POSITION PAPER

p.47

**Best-in-class Hospital KAM**

BEST-IN-CLASS SERIES

Implementation of the KAM EXPERT program

POSITION PAPER

p.66

**Hospital & Institution Relationships in Regions**

BEST-IN-CLASS SERIES

Recommendations for pharma companies

POSITION PAPER

p.93

**Best-in-class Field Force Organization**

BEST-IN-CLASS SERIES

The Smart Field Force Framework

POSITION PAPER

p.116

# Boosting **Med Reps** Effectiveness

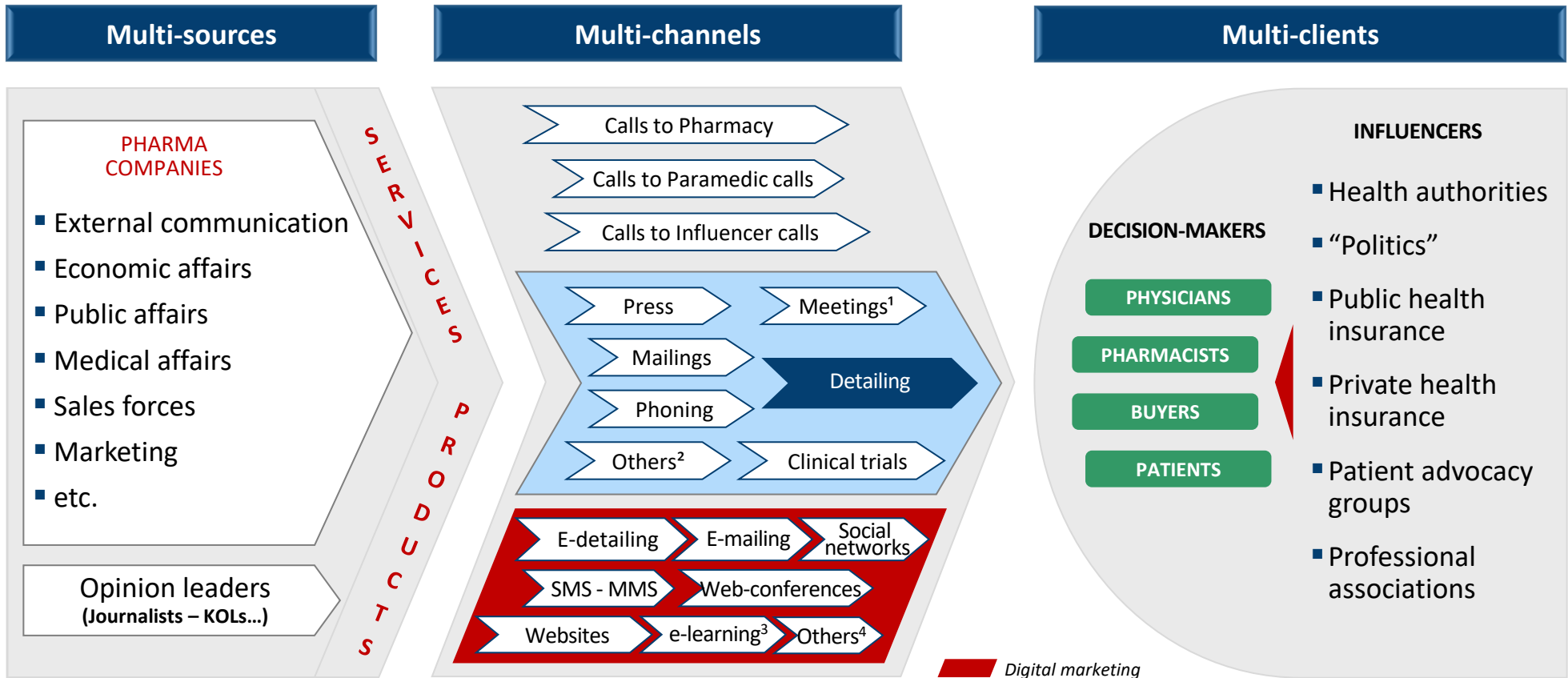
————— BEST-IN-CLASS SERIES —————

## Implementation of the ELITE Program

*“Best-in-class med reps make  
each physician feel unique”*

As prescription decisions increasingly depend upon multiple clients, pharma companies need to adopt a more complex and coordinated promotional approach

New pharma marketing & sales model (1/2)



Sources: Smart Pharma Consulting

<sup>1</sup> Round tables, symposiums, congresses, etc. – <sup>2</sup> Sampling, gimmicks, grants, prescription pads... – <sup>3</sup> Continuous medical education through a digital interface – <sup>4</sup> Screen savers, popup windows...

Prescribers should be offered exceptional experiences during interactions with med reps to ease access and increase the preference to the brands they promote

New pharma marketing & sales model (2/2)

- **Lower** number of breakthrough **innovative products** with **high sales potential**
- **Increasing price pressure** and **narrowing** of the **target patient** population **by payers**

- **Tighter control** of marketing activities (incl. medical calls) by authorities
- Higher proportion of **physicians refusing to be called upon**
- Portfolio evolution from **primary to secondary care** products
- Increasing **role** of **other stakeholders**<sup>1</sup> influencing physician prescriptions



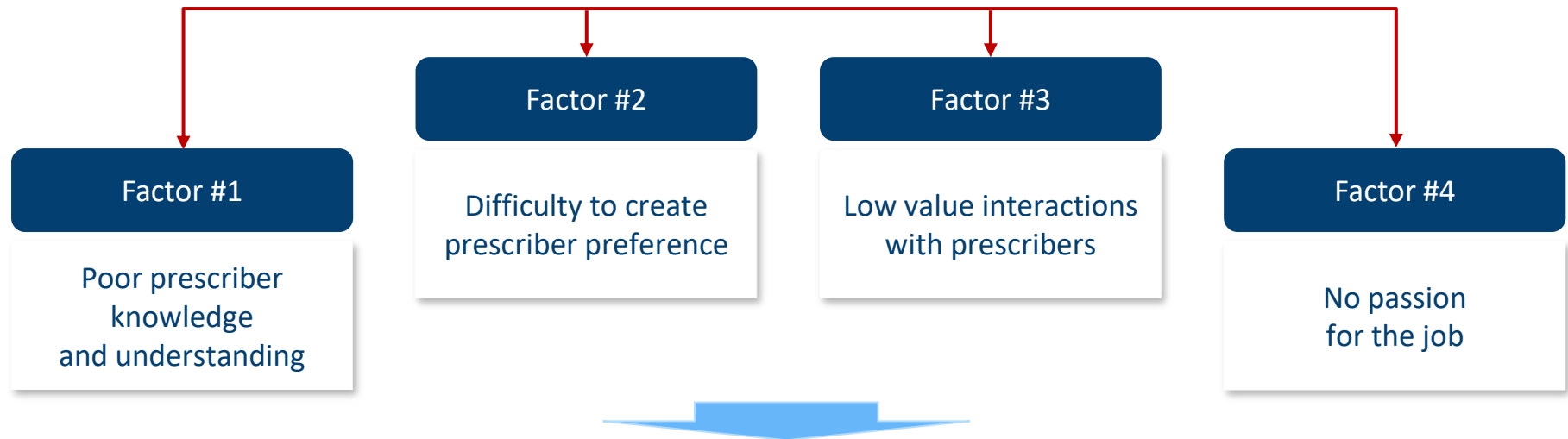
- **Redefine** the level of marketing and sales **investments**
- Switch **priority** from efficacy to **efficiency** (better return on investment)
- **Adapt communication...**
  - ... content to **regulatory constraints**
  - ... channels to **other stakeholders**<sup>1</sup>

- Development of **CRM**<sup>2</sup> and **CLM**<sup>3</sup> tools enabling a more precise profiling of physicians

Smart Pharma Consulting has identified four main reasons explaining the limited impact of med reps on the opinion and behavior of the prescribers they interact with

**Med reps' performance limiters**

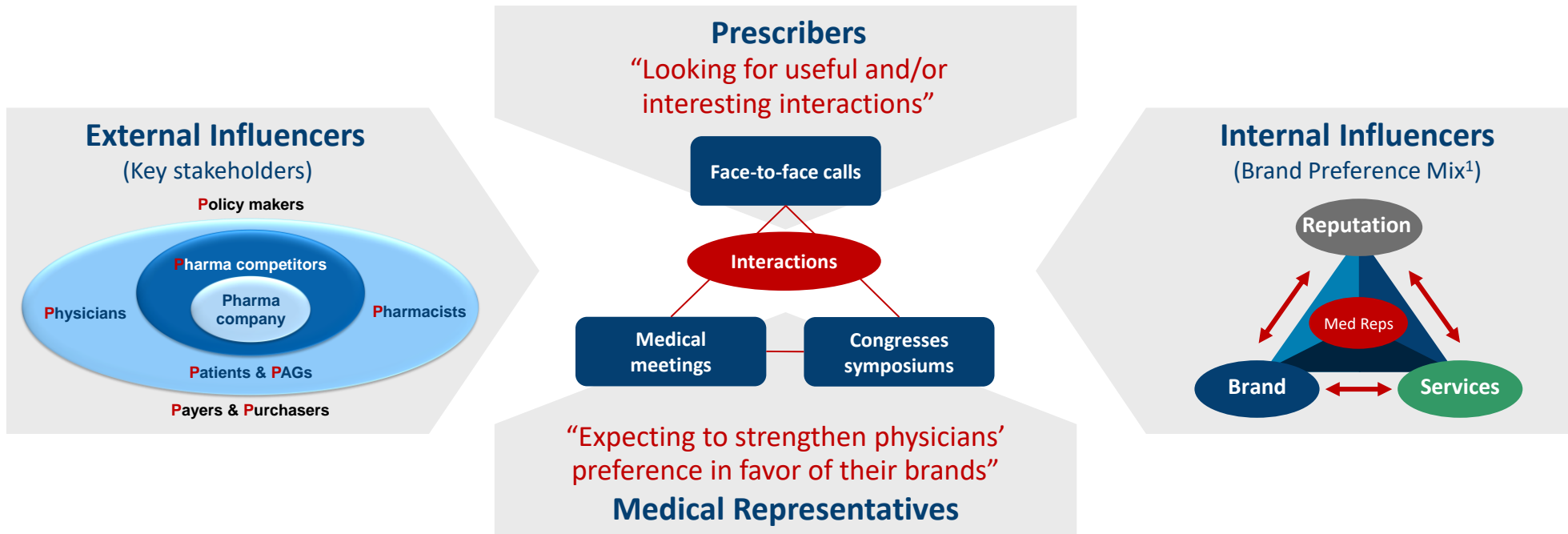
- Smart Pharma Consulting has identified four main factors responsible for med reps' underperformance:



- To remove these limiting factors, we have recently developed the **ELITE Program** which helps med reps reinforce the preference of prescribers for the brands they promote

The ELITE Program can help med reps create interactions that are better valued by their customers and thus contribute to strengthen the preference for their promoted brands

**Objective of the ELITE Program**



The ELITE Program assumes that prescribers' opinion and corresponding prescribing behavior depend on:

- External influencers (key stakeholders)
- Internal influencers (Brand Preference Mix)
- Their willingness to interact with med reps
- Med reps' ability to create highly valued interactions

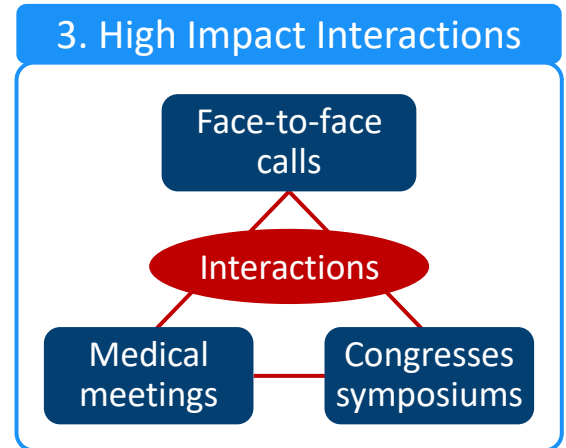
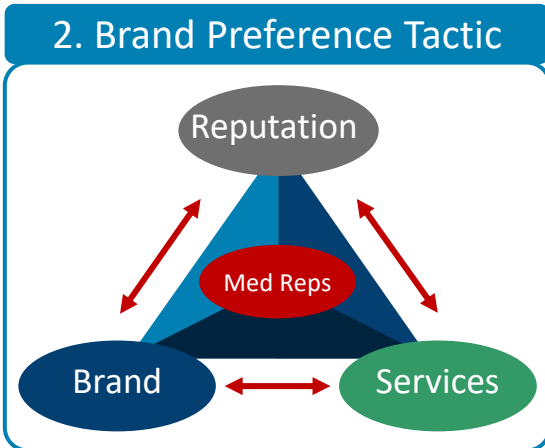
Sources: Smart Pharma Consulting

<sup>1</sup> Corresponds to the three levers (i.e., product attributes, corporate reputation and quality of services) that can be activated by med reps to influence the prescribers



The ELITE Program is based on 4 pillars enabling med reps to interact more efficiently with prescribers and to optimize the prescription share of the brands they promote

**The Four Pillars of the ELITE Program**



The in-depth knowledge and understanding of individual customer opinion and behavior are essential to set the optimal mix and level of activities to be devoted to each of them

### How to build In-depth Prescriber Insight?

Insight = Knowing + Understanding

#### Better Knowledge

- Med reps must regularly **collect key facts and figures** related to each individual prescriber:
  - What are the profile of his patients?
  - What is the evolution of the number of his patients?
  - What are his prescribing habits?
  - What does influence him (externally and internally)?
  - What does he expect from interactions with med reps?
  - Which communication channels does he prefer?
  - What are his personality traits?
  - Etc.

#### Better Understanding

- For each of these collected facts and figures, med reps must systematically **probe** their prescribers to **discover the underlying reasons**
- Thus, they must identify – **prescriber by prescriber** – and better than their competitors – **what drives their opinion and behavior**
- The **accuracy of insight** will help med reps **determine the actions** which will **raise the prescriber preference** to their brands

**TO**

Decision-making

#### Better Convince

- Based on their prescribers' insight, med reps will be able to **define**, prescriber by prescriber:
  - The **most convincing messages** regarding their brands, the associated services and their company
  - The **preferred** and most effective communication **channels** to convey these messages
  - The **right behavior** to have while interacting with them
  - The **optimal level of effort** (investment) to make

**While interacting with med reps, physicians look for: information, services, and/or emotion, knowing that one of these expectations is generally predominant**

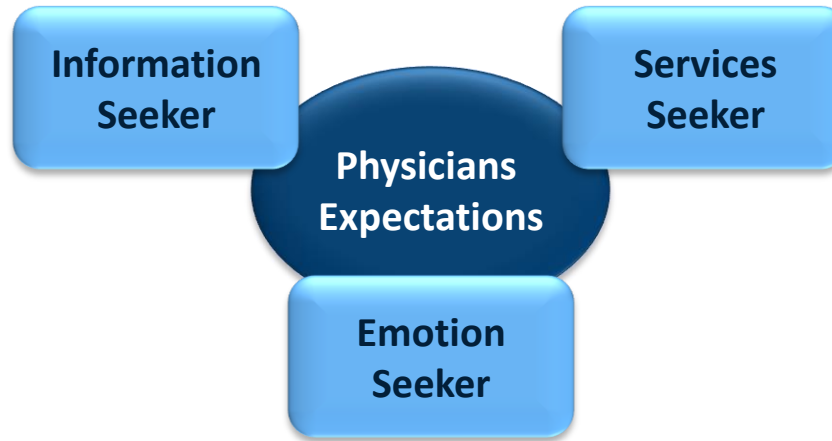
**The “Seeker Portrait” Model – Principle**

- Physicians’ expectations vis-a-vis med reps depend on:
  - External influencers<sup>1</sup>
  - Internal influencers (i.e., the history of their interactions with med reps and other collaborators<sup>2</sup> of their company)
  - Their personality
- The “Seeker Portrait” model can help med reps characterize what physicians will predominantly expect while interacting with them: **Information – Services – Emotion**
- If physicians’ expectations are in fact a mix of these three types, one will be dominant, reflecting their personality, their influences and their specific needs at a point of time
- Physician dominant expectations may vary:
  - Over time
  - With the brand status (innovative or me-too, new or established)
  - With med reps (according to their past interactions)



To increase the probability of influencing favorably the opinion and behavior of each physician, med reps must define their dominant type of expectations

The “Seeker Portrait” Model – Features



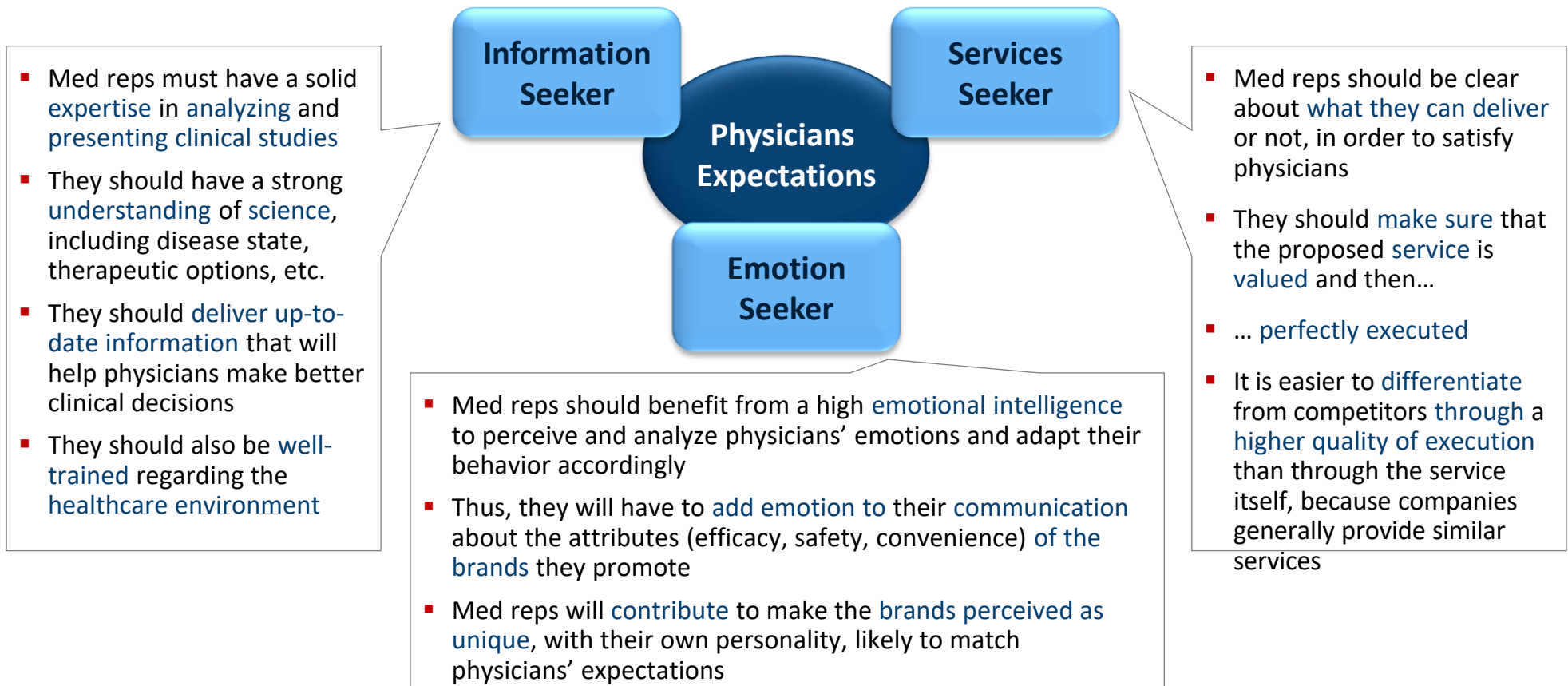
- **“Information-Seekers”** expect from med reps information based on clinical studies and evidence-based medicines (EBM)
- They want to be kept informed about the latest disease-related news (i.e., new clinical studies about the promoted product and its competitors, new medical guidelines, scientific events, new regulations from health authorities, or new conditions of co-payment by payers, etc.)

- **“Emotion-Seekers”** expect to have a good time, a pleasant exchange while interacting with med reps (e.g., about its medical practice, its hobbies, the Med Reps experience, the company he works for, etc.)
- They expect med reps to be trusted advisors, delivering unbiased information, demonstrating empathy, respect, etc.

- **“Service-Seekers”** expect from med reps service delivery such as:
  - Invitation to enroll their patients in adherence programs
  - Completion of patient registries
  - Compilation of scientific information
  - Invitations to CME<sup>1</sup> programs
  - Invitations to congresses / symposiums

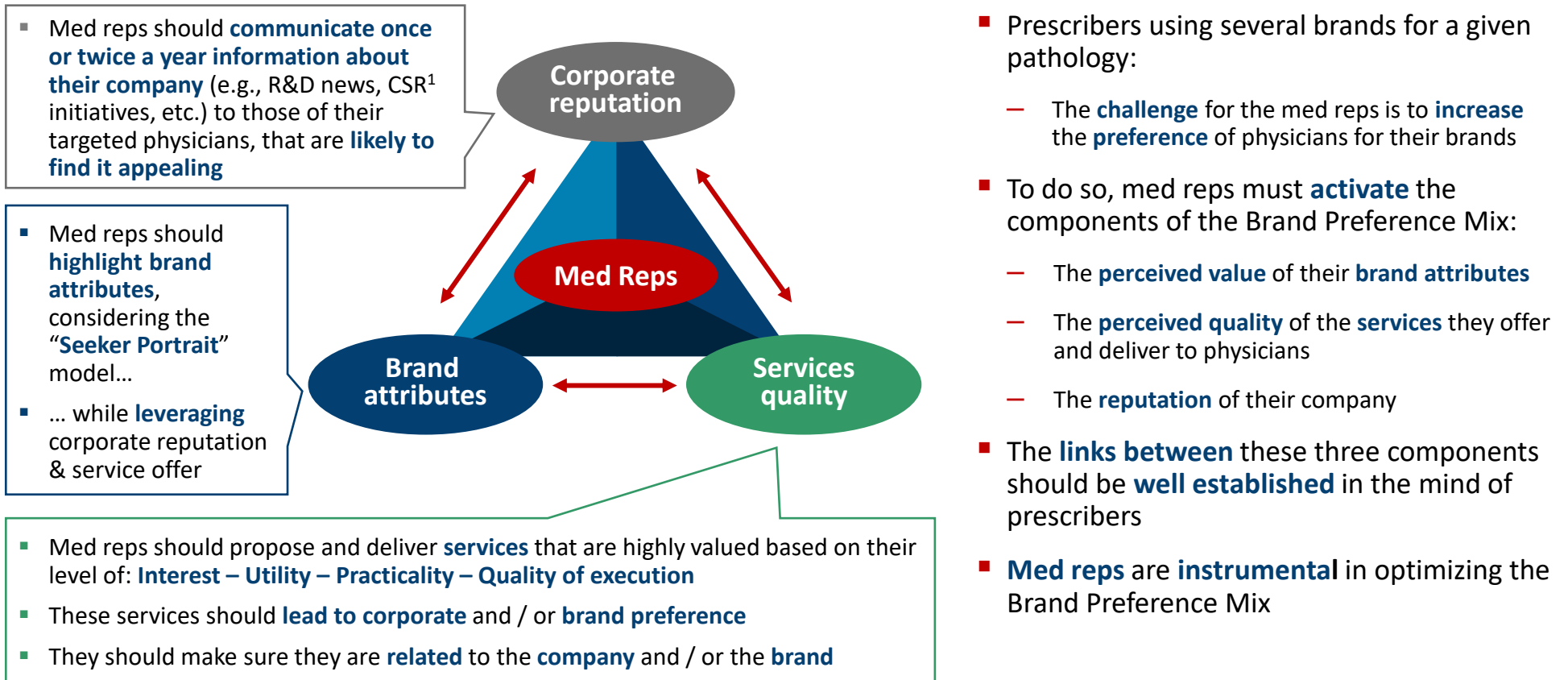
## The different types of dominant expectations require from med reps' different sets of skills and an adjustment of their behavior while interacting with physicians

### The “Seeker Portrait” Model – Implications for med reps



## The Brand Preference Mix determines the key drivers that can be activated by the med reps to enhance the preference of their targeted physicians

### The Brand Preference Mix (BPM) – Principle

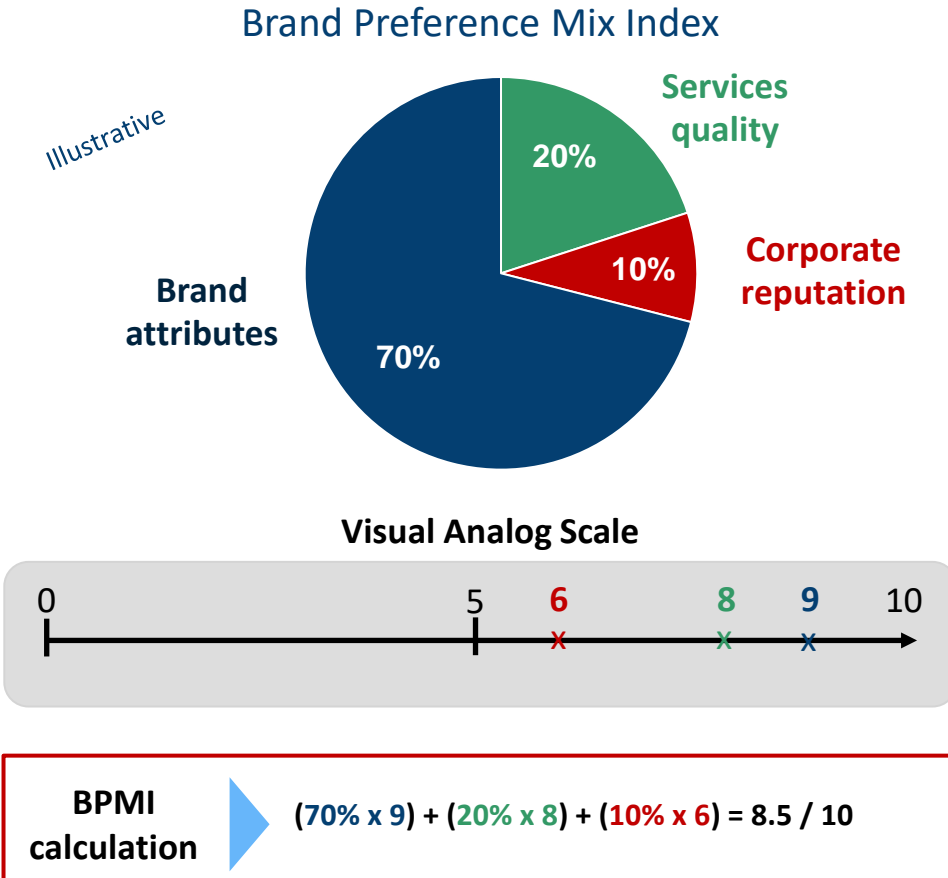


Sources: “Building prescriber loyalty”, J.-M. Peny et al., SCRIIP Magazine, September 1993 – Smart Pharma Consulting

<sup>1</sup> Corporate social responsibility

The Brand Preference Mix Index (BPMI) enables to evaluate the brand performance on each of its preference components, over time and compared to its competitors

The Brand Preference Mix (BPM) – Tool #1



- The Brand Preference Mix Index (BPMI) is a measurement **tool** that **considers**:
  - The **relative importance of each BPM component** (i.e. corporate reputation, brand attributes and associated service quality) per brand
  - The **score of the brand**, on a 10-point scale, for each of its preference components
- The BPMI can be defined per customer<sup>1</sup>, per indication, per form, etc.
- The BPMI **scores the customer perception** at a given point in time, making **possible to track the evolution** of this perception over time and to **compare it to competitors**, considering:
  - **External events** (i.e., related to health authorities, competitors and customers’ behaviors)
  - **Internal events** (i.e., related to operational activities<sup>2</sup>, quality of services offered, communication strategy)

Sources: “Building prescriber loyalty”, J.-M. Peny et al., SCRIP Magazine, September 1993 – Smart Pharma Consulting

<sup>1</sup> Physicians, patients, pharmacists, nurses, payers, health authorities, etc. – <sup>2</sup> Medico-marketing-sales

# Med reps can monitor the brand performance with the “Brand Preference Mix Index” while calling upon their targeted physicians and thus, fine-tune their activities

## The Brand Preference Mix (BPM) – Tool #2

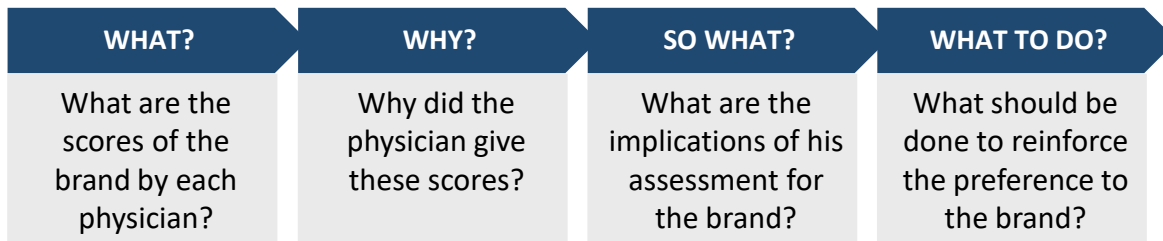
### Assessment guide for medical reps

The form is titled 'PROGRAMME D'AMELIORATION DE LA QUALITE' and is divided into several sections:

- QUALITE DU PRODUIT:** Questions 5, 6, 7, 8, 9, 10, 11, 12. Includes a global rating scale from 0 to 2 and a 3-point scale for efficacy, tolerance, and ease of use.
- SERVICE ASSOCIES AU PRODUIT:** Questions 1, 2, 3, 4. Includes a global rating scale from 0 to 10 and checkboxes for 'Meilleure', 'Identique', and 'Moins bonne'.
- IMAGE LABORATOIRE:** Questions 1, 2, 3, 4. Includes a global rating scale from 0 to 10 and checkboxes for 'Meilleure', 'Identique', and 'Moins bonne'.

- Recent experiences have shown that:
  - >95% of physicians **accept to be questioned** on the three components of the BPM
  - >80% of physicians consider that the **BPM approach conveys a positive image**
  - >85% of medical reps say that the **BPM helps improve their insight** into physicians
- Once physicians have evaluated the brand with the BPM, they are asked:
  - What is the **rationale** supporting these **scores**?
  - What **should be done to raise their preference** to the brand?
- Then, **med reps** can **fine-tune** their **messages**, their **activities**, **physician by physician**, based on the feedback
- The collected **information** should be **shared** with **marketers** who will define specific initiatives to reinforce prescribers' preference to the brand

### From observation to decision: The 4 Ws approach

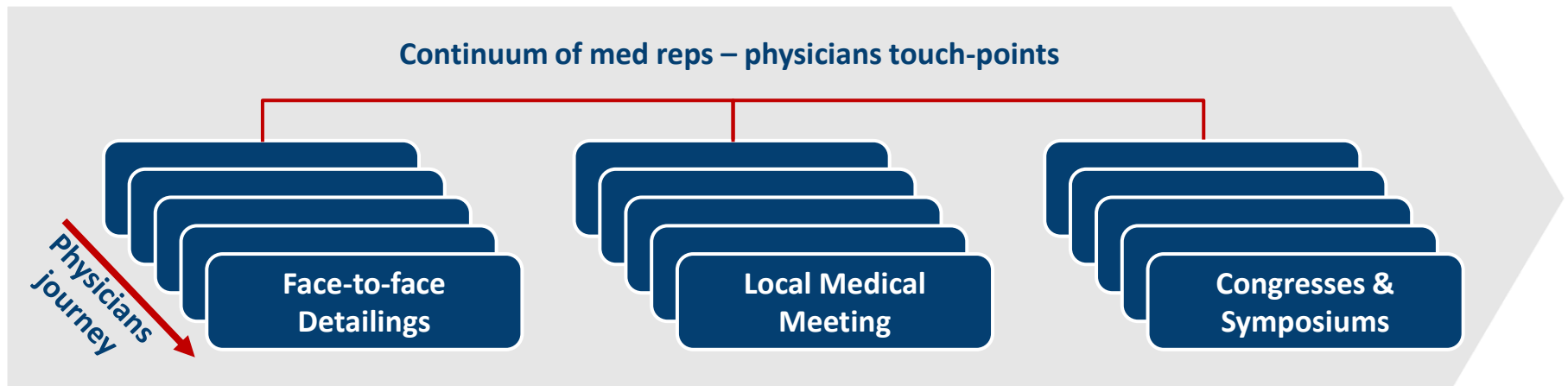




By offering physicians exceptional experiences while interacting with them, med reps' access will be eased and the preference to the brands they promote increased

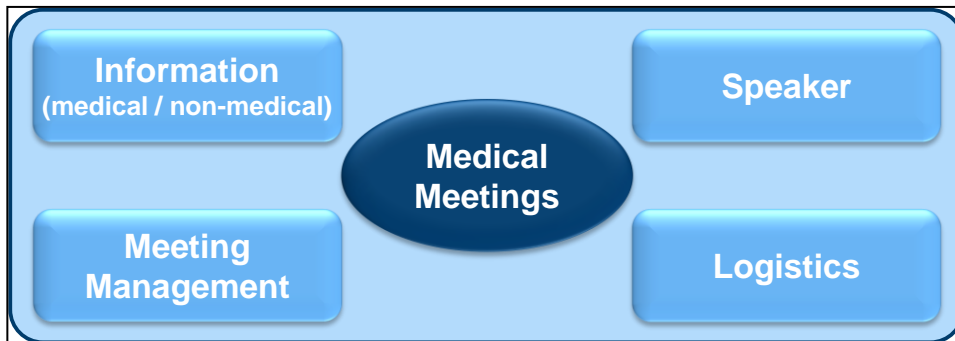
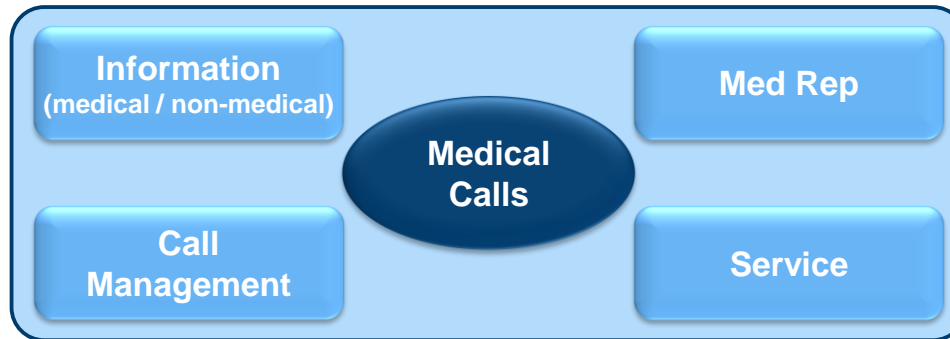
Why to create High Impact Interactions?

- Smart Pharma Consulting has developed the “**H2I Program**” (High Impact Interactions Program) to help med reps<sup>1</sup> create a **continuum** of **exceptional interactions** with physicians so that they:
  - **Accept** (or even ask for) **more regular contacts** with med reps
  - **Increase** their **preference** for the brands promoted by the med reps



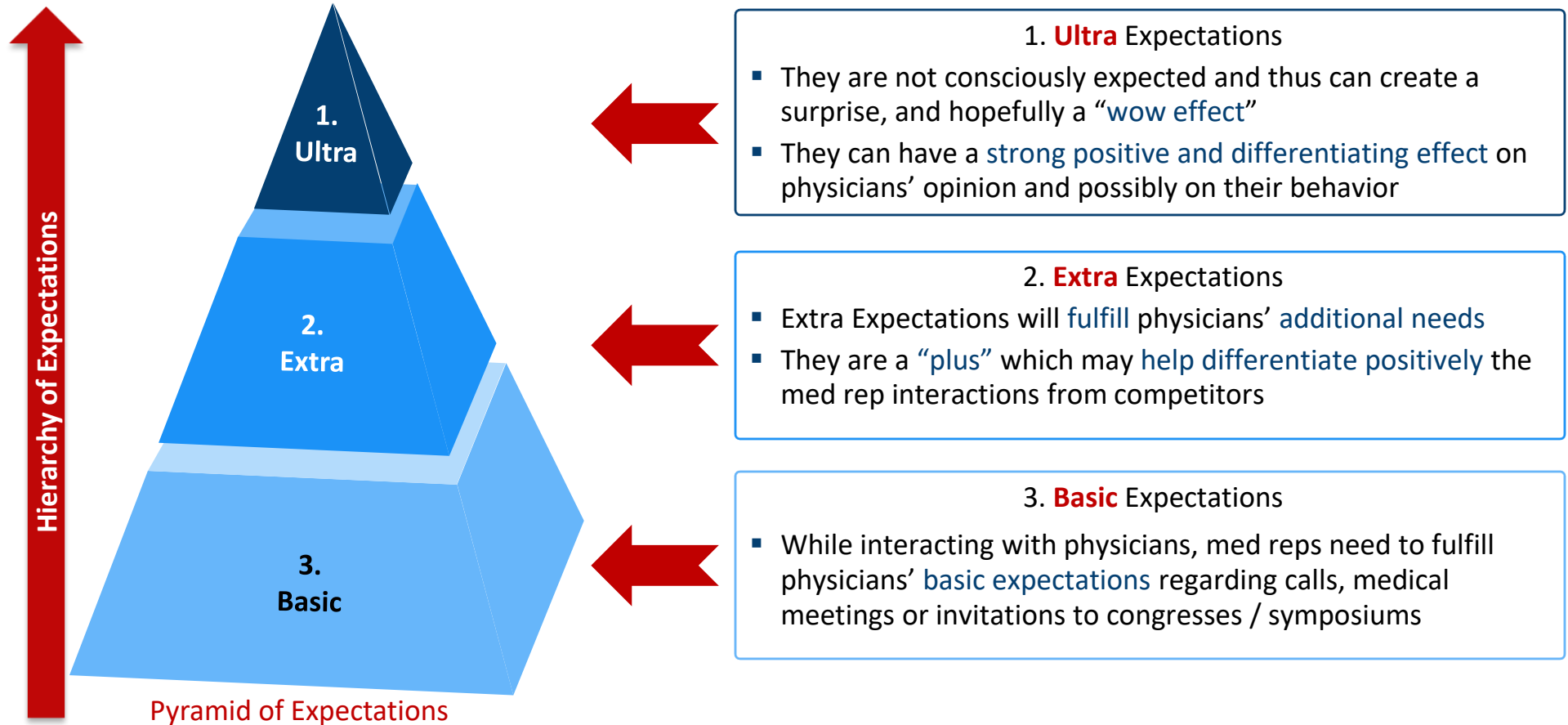
Physicians experience while interacting with med reps will depend on their assessment of the four determinants of the three following types of interactions

**High Impact Factors Identification**



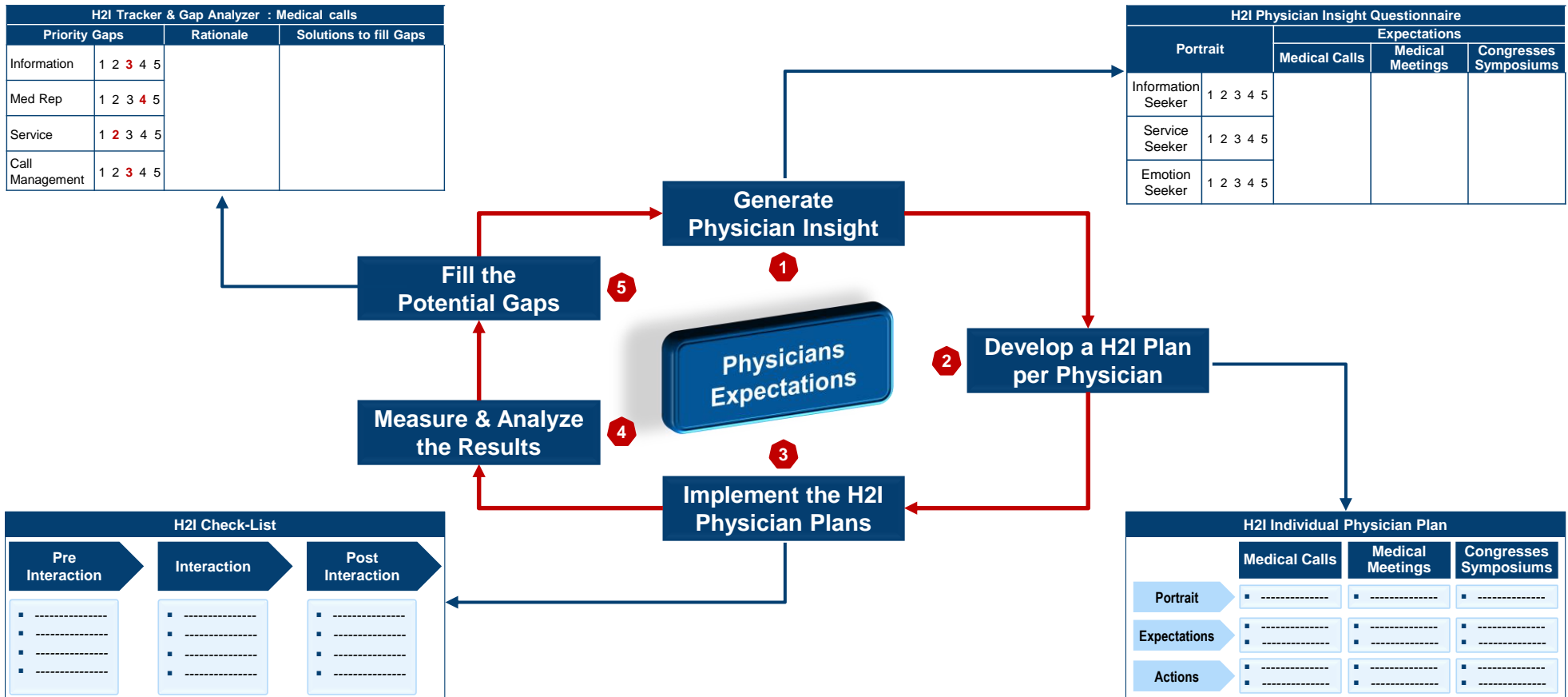
To create High Impact Interactions (H2I), med reps need to move up the pyramid of expectations to offer physicians a continuum of unique experiences

High Impact Interactions (H2I) Program – Principles



For each of the five steps of the H2I Program, enabling tools will be designed to facilitate their proper execution by med reps

**High Impact Interactions (H2I) Program – Framework & Tools**



Sources: Smart Pharma Consulting

Job passion lies on six key drivers that pharma companies may manage carefully if they want their med reps to give their best to achieve their objectives

What is Job Passion?

- Job passion is influenced by **six key drivers**:

- Passion for a job is a **strong inner emotion** which is expressed by:

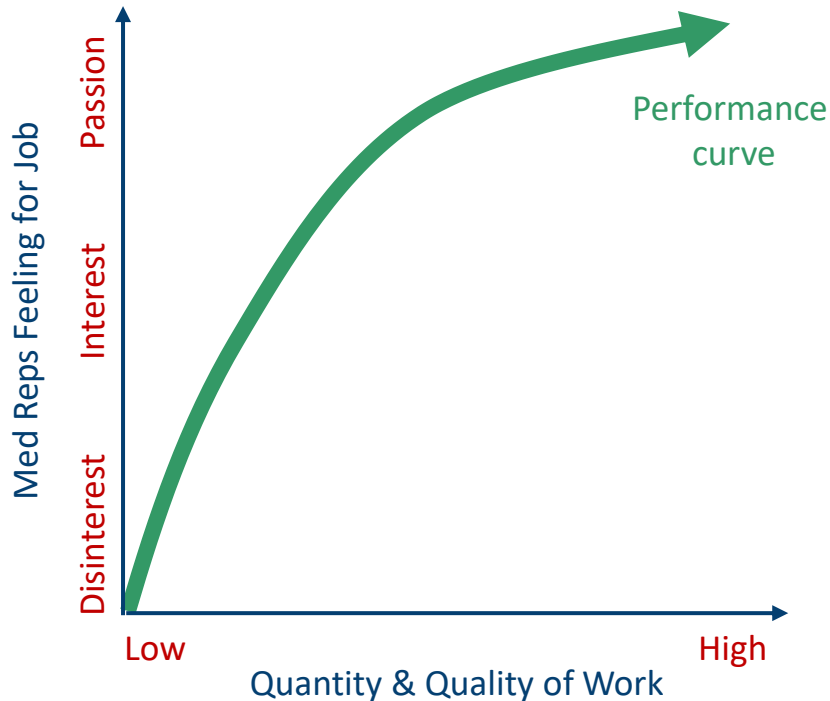


*“Passion is the difference between having a job or having a career”*

As passionate med reps deliver better results than those who are not, pharma companies must recruit them, sustain their feeling and secure their loyalty

Why to stimulate Job Passion?

Impact of Passion on Performance



- Passionate employees<sup>1</sup> being **more satisfied** with their job and **more motivated**, they will tend to **work longer hours** and to work **better**
- Therefore, it is of the **utmost importance** for pharma companies to:
  - **Recruit** med reps that are passionate for their job
  - **Create** the working **conditions** to keep their passion up
  - Put in place a plan to **retain** them

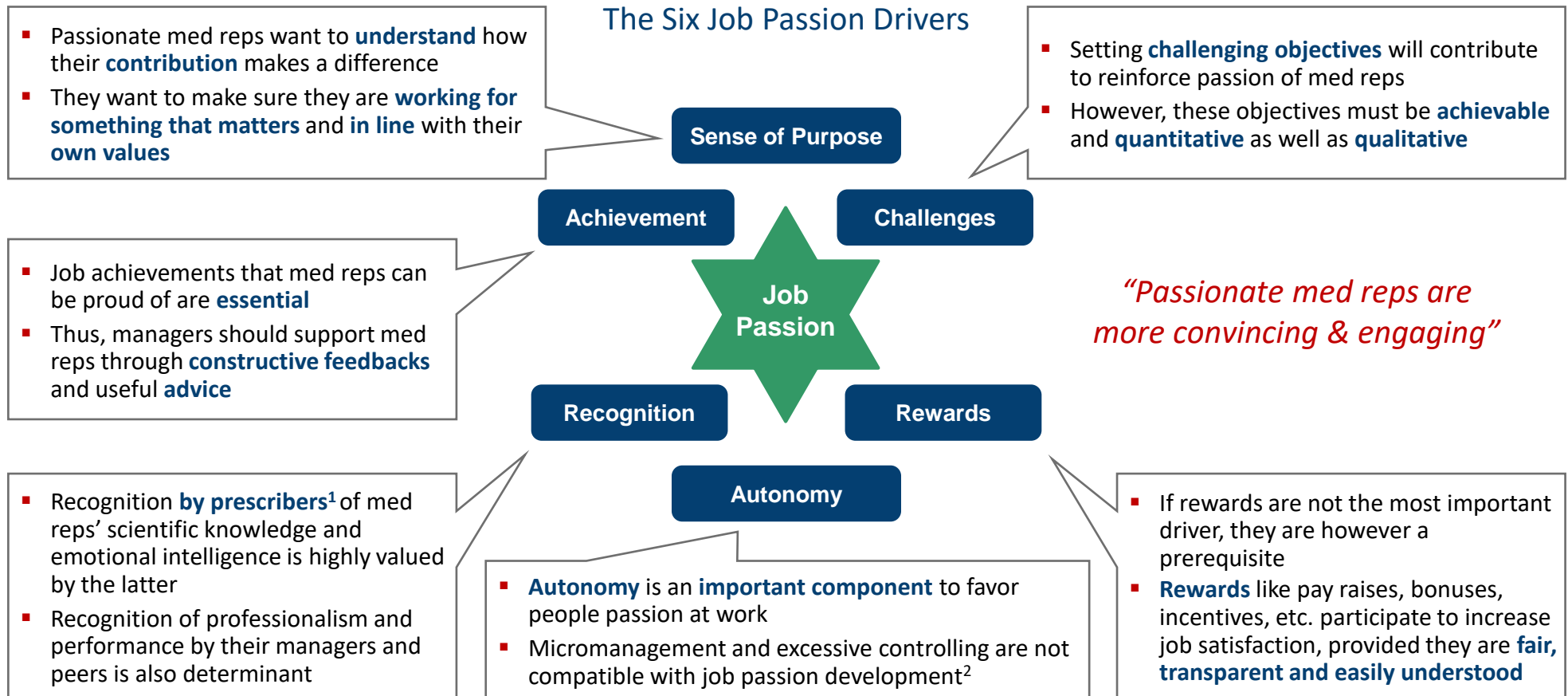
*“Pleasure in the job puts perfection in the work” – Aristotle*

Sources: Smart Pharma Consulting

<sup>1</sup> In a study carried out by Deloitte in 2014, 88% of interviewed people said they are not passionate at work

Pharma companies and especially area managers should keep up or even stimulate the passion of their med reps at work with the help of the six following drivers

How to stimulate Job Passion?



Sources: Smart Pharma Consulting

<sup>1</sup> The ELITE Program, if correctly designed and implemented, will boost the perception of med reps by the prescribers they interact with – <sup>2</sup> However, med reps and their managers should keep in mind that autonomy is earned and not a right

## The best performing companies can develop deeper physicians' insight and to create sustainable physicians' experiences that stimulate their desire and preference

### Key Success Factors (1/2)

#### Develop Insight

- **Interactions** should be used to **better know and understand** physicians needs...
- ... and to identify what is likely to please, impress, delight, or positively surprise them

#### Instill a Culture

- The ELITE Program should **come from the top management** and **disseminate** throughout the company **to reach med reps** who need to **understand the benefits** they will draw from such a program

#### Define a Strategy

- The ELITE Program should be **part of a broader strategy** aiming at strengthening **physicians' preference** to the promoted brands
- Thus, it should be **integrated into the brand marketing** and **sales strategy**

#### Design a Process

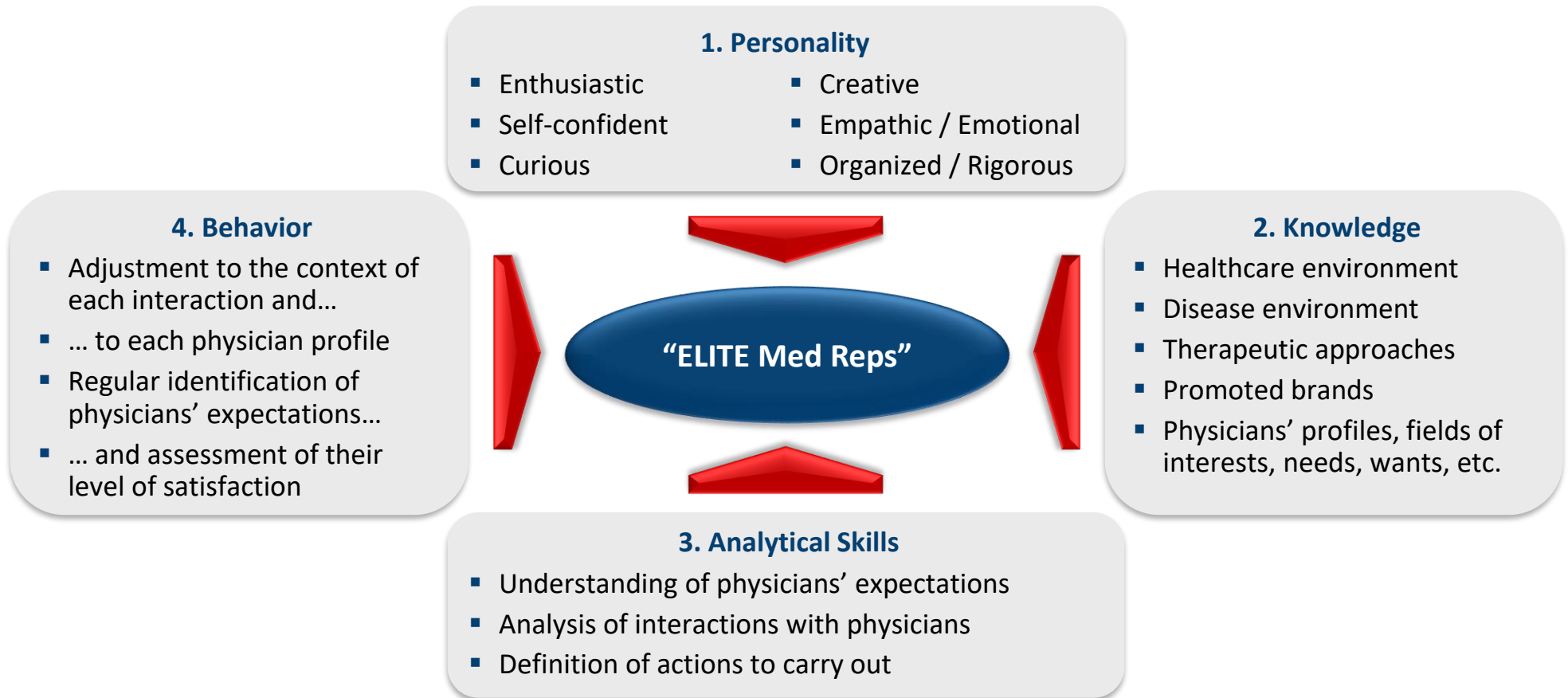
- The ELITE Program should be **implemented**, according to **a well-defined process**, to ensure a consistently **high quality of execution**...
- ... and **monitored** with **specific metrics** to fill the gaps, if any, with proper solutions

*“Excellence is doing ordinary things extraordinarily well” – John W Gardner*



To obtain quick and tangible results, “ELITE Med Reps” would need to adjust their behavior, certain traits of their personality and improve their technical skills

### Key Success Factors (2/2)



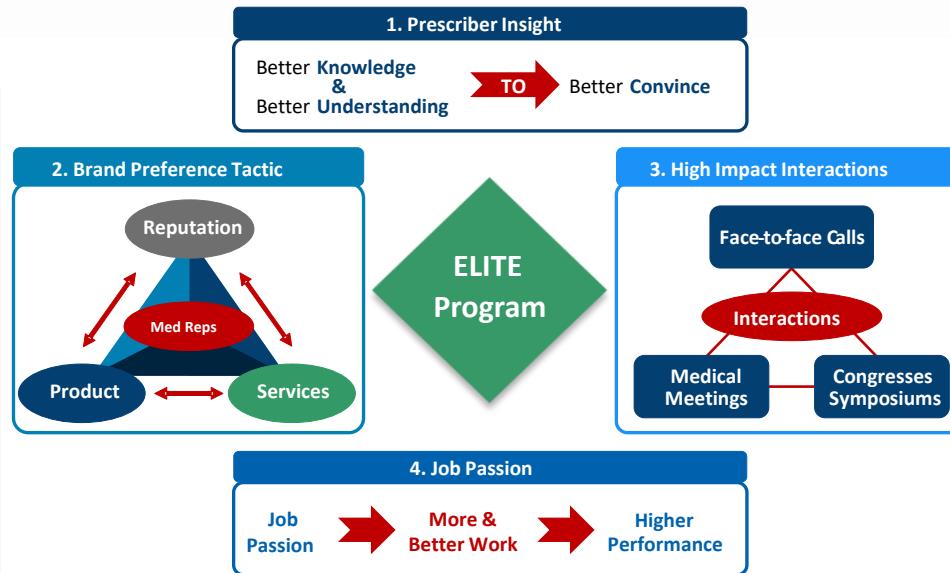
As the author of the ELITE Program and considering their operational experience, Smart Pharma consultants are well positioned to facilitate its implementation

Smart Pharma Consulting Services

ELITE Program Implementation

- Smart Pharma Consulting has an **in-depth expertise** in **improving sales force efficiency** coming from:
  - General management experiences in France and abroad for pharma companies
  - Numerous sales force effectiveness consulting projects carried out
- The ELITE Program which has been developed by Smart Pharma Consulting proposes a **holistic** and **practical** approach to **obtain** a significant **improvement** of **med reps’ efficiency** and **efficacy**
- Smart Pharma Consulting can help pharma companies implement the ELITE Program as follows:

1. **Craft a communication strategy demonstrating to med reps** the benefits they will draw from the program
2. **Design a framework** that fits the company **ambition** and considers its **current situation**
3. **Create specific and user-friendly tools to facilitate the execution** of the **four pillars** of the **ELITE Program** by the med reps



4. **Develop specific training modules<sup>1</sup> for med reps** and their **managers** to help them master Concepts – Methods – Tools related to each of the four pillars that constitute the ELITE Program
5. **Adjust the organization** to best support the execution of the ELITE Program

Sources: Smart Pharma Consulting

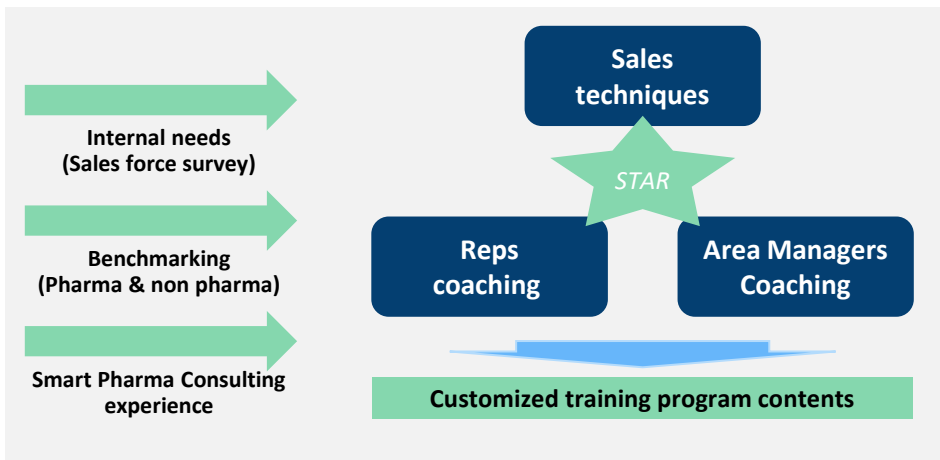
<sup>1</sup> The Smart Pharma Institute of Management, which is the training department of Smart Pharma Consulting, is registered since 2001

The STAR (Sales Techniques Application for Results) program can be entirely customized to pharma companies needs and rolled out in a timely manner

Smart Pharma Consulting Services

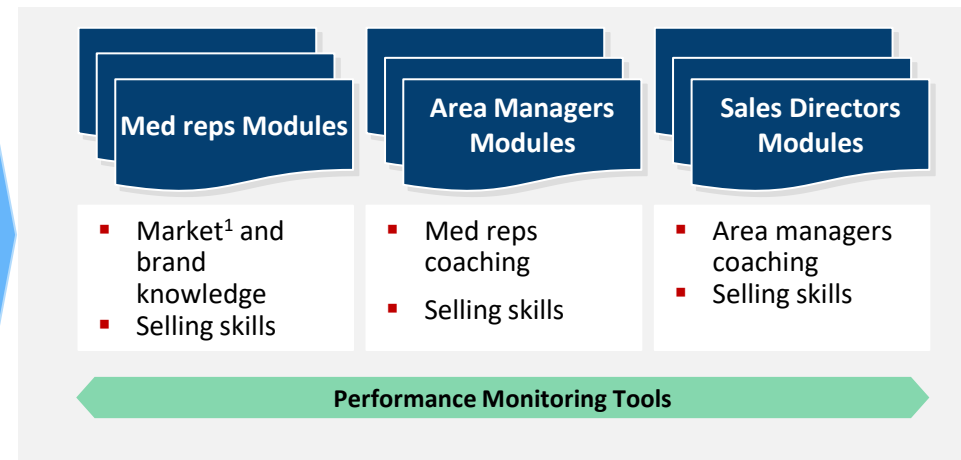
STAR Program Implementation

Identification of sales force needs and expectations



- Evaluation of sales force teams needs and expectations through an internal survey
- Proposition of adjustments or deep changes matching needs and expectations
- Enrichment of the program with external analyses (benchmarking)
- Finalization of the program in view of company portfolio and culture

Program roll-out



- Train the trainers sessions with area managers and sales force directors
- National launch of the customized STAR program (seminar)
- Regional roll-out (regional meetings and dual call days with area managers & med reps)
- On-going program adjustments in view of strategic priorities and sales force needs

Sources: Smart Pharma Consulting

<sup>1</sup> Including the healthcare system, the pathology, the therapeutic alternatives, the physicians called upon, etc.

# Med Reps Survival Post-Covid-19

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MARKET INSIGHTS

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## Vision & Recommendations

*“Give people what they need  
and not what you want”*

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## The Covid-19 crisis should lead, more than ever, pharma companies to rethink the short-term effectiveness of their sales forces and anticipate, or even participate to, their mid-term evolution

### Introduction

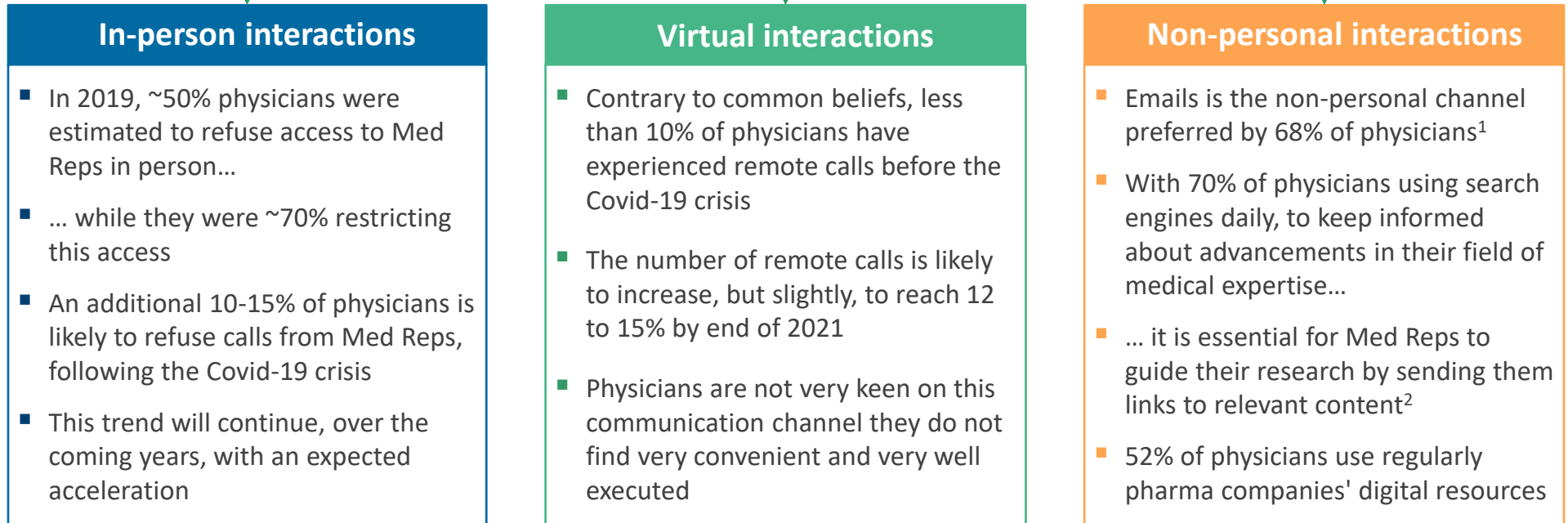
- Over the past 15 years, the number of med reps has fallen by 40 to 50%
- The downsizing of pharma companies' sales forces is mainly explained by:
  1. The portfolio structure shift from primary care to secondary care products, mainly prescribed by GPs and by specialist physicians, respectively; the latter being fewer and therefore requiring fewer med reps to be called upon
  2. The increasing number of physicians limiting or forbidding medical calls because they have easily access to high, and even better, quality drug-related information on Internet and are overloaded with an ever-increasing number of patients
- This trend should not only continue but accelerate as a result of the Covid-19 crisis
- In this context, pharma companies should redefine the activity and size of their sales forces and for so doing, Smart Pharma Consulting proposes to answer the two following questions:
  1. How to **maintain effective interactions** with physicians (2020 – 2021)?
  2. How to **anticipate / participate** to Med Reps' **job evolution** (2021 – 2024)?

# In-person interactions are decreasing and more and more complemented by remote interactions and/or non-personal interactions orchestrated by Med Reps

## Part 1 – How to Maintain Effective Interactions with Physicians (2020 – 2021)?

### Situation Analysis (1/3)

#### Med-Reps 3-D interactions



“Med Reps are still the best means to engage physicians, but for how long?”

Sources: Smart Pharma Consulting – FirstWord Pharma study carried out in March 2020 in the USA and EU5 countries at 245 physicians – “Why it’s hard to reach physicians”, BlueNovius, 2018

<sup>1</sup> Pharma companies may use rep-triggered email software (e.g., Veeva), especially following a medical call – <sup>2</sup> Such as patient education content, latest RWE data, etc.

## To keep on convincing physicians to prefer the brands they promote, it is essential for Med Reps to maintain effective in-person interactions

### Part 1 – How to Maintain Effective Interactions with Physicians (2020 – 2021)?

#### Situation Analysis (2/3)

##### Why do Med Reps meet Physicians?

- Ultimately, Med Reps meet physicians to convince them to prescribe, whenever they have an opportunity, the product they promote, but in the best interest of their patients and within the scope of the SmPCs<sup>1</sup>
- Thus, during medical calls, Med Reps:
  - Highlight information regarding the features of their products (i.e. indications, efficacy, safety, dosage forms, dose regimen, price, reimbursement conditions)
  - Propose services facilitating the use of their products (around-the-pill) or related to the disease or the patient care (beyond-the-pill)

##### Why do Physicians meet Med Reps?






- To get new and useful information regarding the products promoted by Med Reps
- To get information related to the disease addressed by the promoted product
- To get materials (e.g., Apps, leaflets) and services (e.g., website addresses, hotline access) for patients and or to help them better interact with and manage their patients
- Because they have good historical relationship with Med Reps and/or know that their job is at risk, and they do not want to jeopardize their future

Several studies have shown that the number of physicians refusing to meet Med Reps in person is increasing, for multiple reasons, reaching in 2019 an average of more than 50%

Part 1 – How to Maintain Effective Interactions with Physicians (2020 – 2021)?

Situation Analysis (3/3)

Barriers to physicians in-person access

- |                                 |  |  |
|---------------------------------|--|--|
| 1 Stale information conveyed    |    | ■ Physicians say that Med Reps waste their time by sharing information they already know   |
| 2 Product-focused information   |    | ■ Physicians complain that they receive too much product-related data, that is canned and not objective enough                                       |
| 3 Too many patients             |    | ■ Physicians are meeting more and more patients per day, while shortening the consultation time per patient  |
| 4 Too many paperwork            |  | ■ 2/3 of physicians' working hours is spent on bureaucratic tasks (e.g. EHR <sup>1</sup> , EMR <sup>2</sup> , EPR <sup>3</sup> , reimbursement form) |
| 5 Hospital / institution policy |  | ■ Internal rules banning / restricting access to physicians are set to limit distraction and influence by Med Reps                                   |





It is possible to remove some barriers to in-person access, but the impact is likely to be limited to a small proportion of physicians and for a limited period

Part 1 – How to Maintain Effective Interactions with Physicians (2020 – 2021)?

Recommendations (1/6)

Removal of barriers to physicians in-person access

Barriers		Barrier Removal
<p>1 Stale information conveyed</p>		<p>1 Provide physicians with new proprietary clinical and RWE data that are useful and of interest to them</p>
<p>2 Product-focused information</p>		<p>2 Deliver unbiased product-related information and relevant non-promotional content<sup>1</sup></p>
<p>3 Too many patients</p>		<p>3 Help physicians better manage their time (e.g. offer a training on time management)<sup>2</sup></p>
<p>4 Too many paperwork</p>		<p>4 Propose a specific support to manage more efficiently their administrative work (e.g. software and/or training)<sup>2</sup></p>
<p>5 Hospital / institution policy</p>		<p>5 Develop / co-develop services around- or beyond-the-pill in exchange of a privilege access to physicians<sup>3</sup></p>

Sources: Smart Pharma Consulting – “Why it’s hard to reach physicians”, BlueNovius, 2018 – DRG’s 2019 ePharma Physician Report

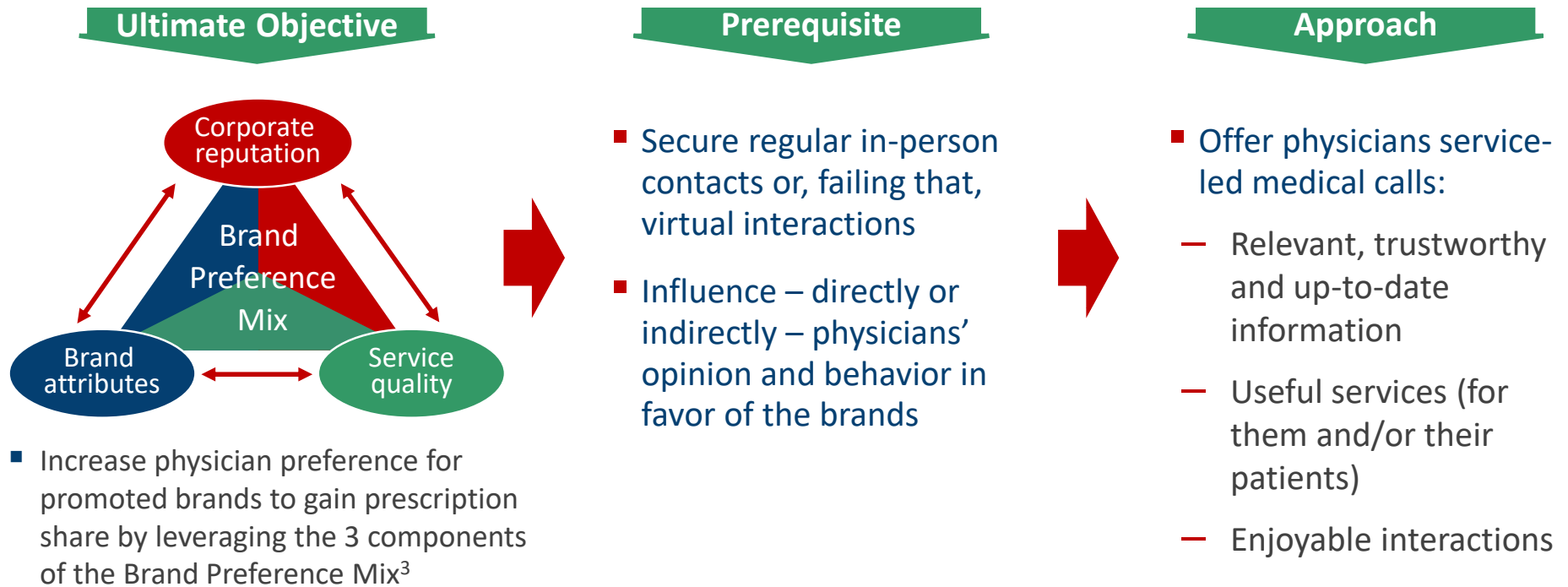
<sup>1</sup> Related to diseases, patient care, etc. – <sup>2</sup> Depending on national regulations, hospital / institution policies and pharma companies’ compliance rules – <sup>3</sup> Especially for key account hospitals / institutions. See our position papers: <https://smart-pharma.com/wp-content/uploads/2019/07/KAM-KIM-Relationships-in-Regions-VW.pdf> and <https://smart-pharma.com/wp-content/uploads/2019/07/Best-in-class-KAM-VF.pdf>

If well designed and executed, medical calls may offer physicians an outstanding experience<sup>1</sup> that will help Med Reps secure regular and impactful interactions

Part 1 – How to Maintain Effective Interactions with Physicians (2020 – 2021)?

Recommendations (2/6)

Creation of service-led medical calls<sup>2</sup>

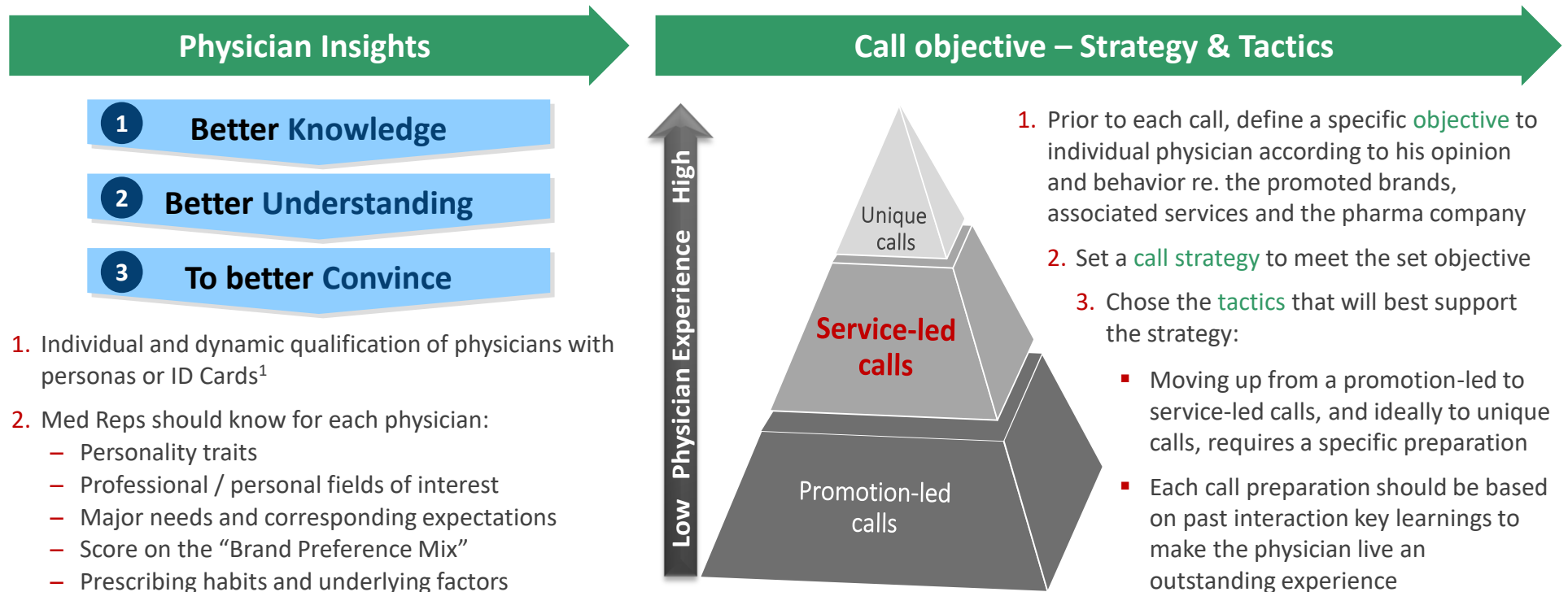


## While preparing each call, Med Reps should ask themselves what benefits the physician is likely to get from it

### Part 1 – How to Maintain Effective Interactions with Physicians (2020 – 2021)?

#### Recommendations (3/6)

#### Creation of service-led medical calls – Preparation

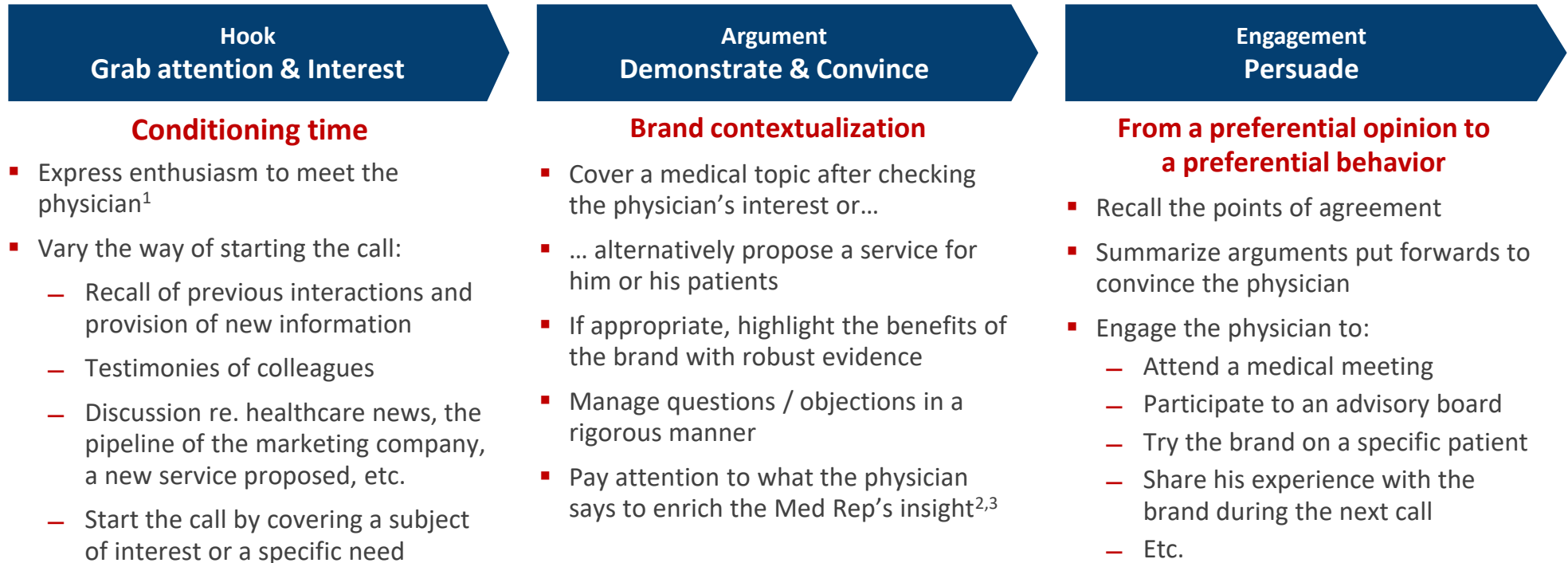


Medical calls should be implemented so that to be perceived by physicians as interesting, useful and well executed to be positively remembered and have a preferential impact on their behavior

## Part 1 – How to Maintain Effective Interactions with Physicians (2020 – 2021)?

### Recommendations (4/6)

#### Creation of service-led medical calls – Execution



## Med Reps should measure once a year, during a face-to-face meeting, the opinion of each physician, and its evolution, regarding the quality of their interactions

### Part 1 – How to Maintain Effective Interactions with Physicians (2020 – 2021)?

#### Recommendations (5/6)

#### Creation of service-led medical calls – Follow-up

##### Evaluation of the physician perception

- Auto-evaluation by the Med Rep after each call with a 5-point scale, completed by the rationale supporting the mark
- Evaluation of the calls, by each physician, once a year, on a 10-point scale, completed by the rationale supporting the mark, during a medical call carried out by the Med Rep, completed by the rationale supporting the mark

##### Analysis and summary of key points of the call

- Evaluate if the objective has been met or not; and why
- Write down the key learnings:
  - New specific information collected re. the physician (e.g. his fields of interest, problems, needs, expectations, opinion, behavior), his patients' profile, the institution where he works
  - Reasons underlying these facts
  - Engagements of the physician and the Med Rep ones (services)

##### Objective and strategy setting for the next call(s)

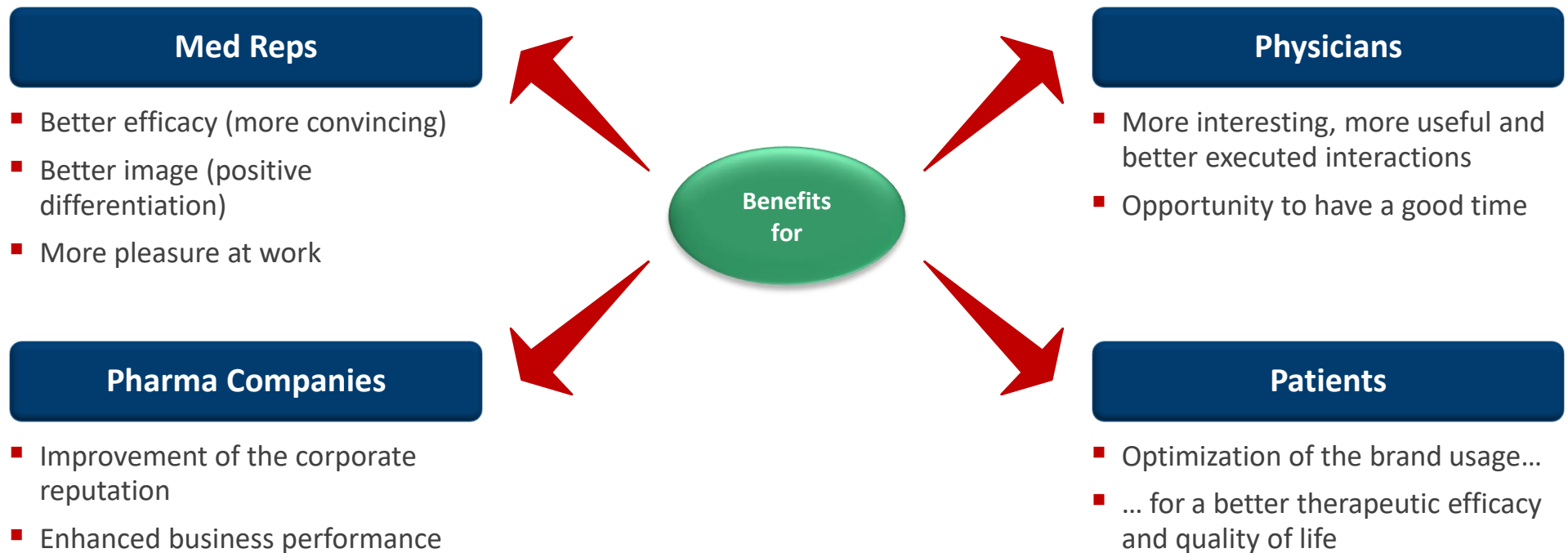
- Set the objective(s) of the next call(s) and / or interactions (e.g. follow-on emails) based on the new information collected and analyzed; ideally as soon as the call is over
- Anticipate and plan the searches to be carried out or the material to be gathered to implement – during the next call – the strategy which would have been set

**Service-led medical calls will benefit not only physicians and Med Reps but also patients through services delivered; and the pharma companies by enhancing their reputation**

Part 1 – **How to Maintain Effective Interactions with Physicians** (2020 – 2021)?

Recommendations (6/6)

**Creation of service-led medical calls – Expected benefits**

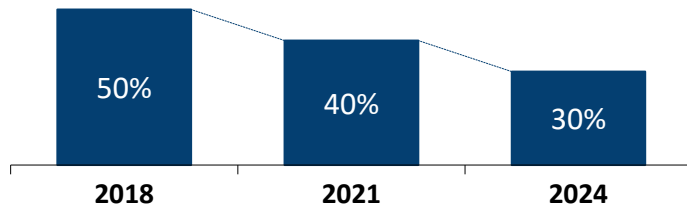


The drop of physicians accepting in-person calls, along with their more drastic limitation and the shortening of their duration, would lead to the disappearance of Med Reps, unless they evolve

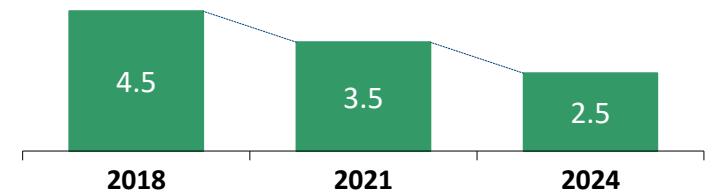
Part 2 – How to Anticipate / Participate to Med Reps' Job Evolution (2021 – 2024)?

Vision (1/3)

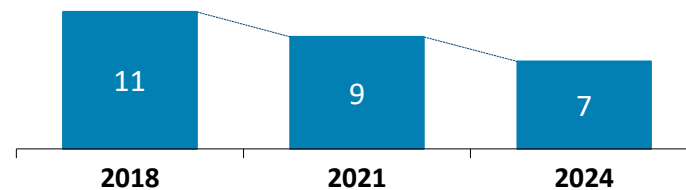
Accessible physicians to Med Reps  
(% of total)



Limitation of access to Med Reps  
(# of calls per physician p.a.)



In-person call duration per physician  
(in minutes)



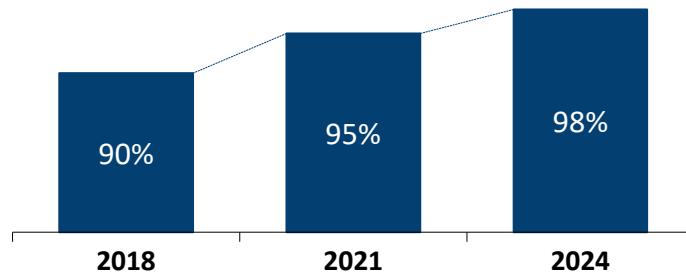
➔ If the Covid-19 pandemic is not going to disrupt the pharma companies' commercial model, it is going to accelerate the need to downsize sales forces and raise the issue of their efficacy and efficiency

## For scientific data, including those related to products, online websites is the first source of information, while pharma companies' websites are gaining credibility with physicians

### Part 2 – How to Anticipate / Participate to Med Reps' Job Evolution (2021 – 2024)?

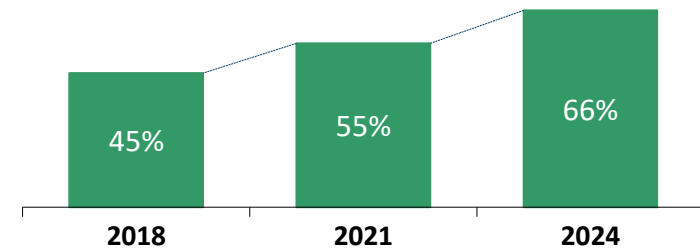
#### Vision (2/3)

Online scientific search by physicians  
 (% of total)



- Physicians becoming more familiar with Internet, they are increasingly finding information online, as needed
- The Covid-19 crisis has accelerated the usage of digital channels by physicians to find scientific information
- Product-related is the most accessed website resource

Credit given to pharma websites by physicians  
 (# of total physicians)



- 50% or more physicians using search engines, rely on pharma companies' digital resources
- Most of pharma companies have designed product-related websites, with objective and well-presented information
- Thus, these websites exert a certain influence on physicians' prescribing decision

**➔ Med Reps are not considered by physicians as a robust, updated and convenient source of information re. products, which means that they must bring high-value services to stay connected to them**

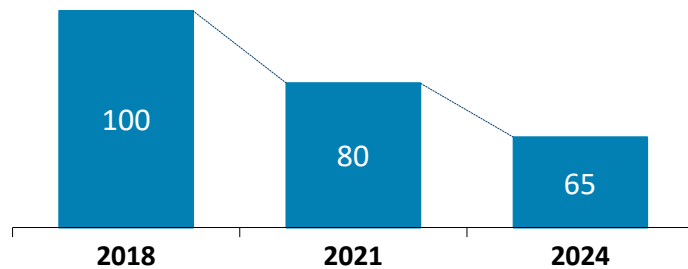


The number of Med Reps should be reduced by 35% over the 2018 – 2024 period, while remote interactions should account for ~46% of the total interactions carried out by Med Reps in 2024

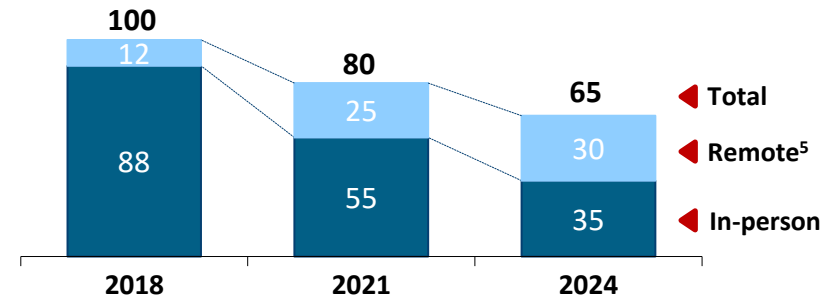
Part 2 – How to Anticipate / Participate to Med Reps' Job Evolution (2021 – 2024)?

Vision (3/3)

Sales force size  
(Index based on 2018 situation)



Med Reps interactions  
(Index based on 2018 situation)



- The increasing difficulties for Med Reps to carry out in-person calls will force pharma companies to reduce over the 2018-2024 period their sales force size by ~1/3
- The sales force size evolution will vary significantly according to the countries<sup>1</sup>, the therapeutic areas<sup>2</sup>, the profile of prescribers<sup>3</sup> and their mode of practice<sup>4</sup>

- We assume that the total number of interactions per Med Rep will remain constant at 750 p.a. over the period
- The number of in-person contacts should be reduced by 60% while remote interactions by Med Reps will grow by 150%
- Remote interactions include phone calls, web / video calls, text messaging, emails, etc., carried out by Med Reps

**➔ Med Reps will still play an essential role in 2024, despite their decreased number, provided they take into consideration physicians' preferences in terms of channels and needs in terms of content shared**

Sources: Smart Pharma Consulting estimates and analyses based on multiple historical studies (e.g., DRGs – ZS – McKinsey)

<sup>1</sup> The decrease will be more important in the USA and Southern European countries than in Northern European countries – <sup>2</sup> In oncology and hematology where many innovation are expected, the number of Med Reps may increase while in pulmonology or diabetes it will be the opposite – <sup>3</sup> According to their age, to their opinion vis-à-vis pharma companies' sales forces in general – <sup>4</sup> Independent, in a hospital or institution

To survive, Med Reps need to become the special partners of each individual physician by sharing high-quality information<sup>1</sup> and offering essential services<sup>1</sup>, fulfilling his needs and expectations

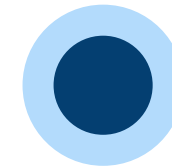
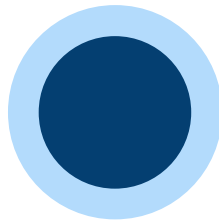
Part 2 – How to Anticipate / Participate to Med Reps' Job Evolution (2021 – 2024)?

Recommendations – Principles (1/4)

2021 Med Reps

2024 Med Reps

- In-person interactions
- Remote interactions



- #1** → Offset the decrease of in-person interactions by an array of remote engagement channels
- #2** → Apply an individual and dynamic segmentation of physicians based on their opinion and behavior
- #3** → Define the content of interactions according to individual physician's needs and expectations

- #4** → Determine the optimal level of resources (time and money) based on each physician sensitivity
- #5** → Transform Med Rep mindset and develop his skills to create high-value experiences

Sources: Smart Pharma Consulting

<sup>1</sup> For the physicians, the patients, the hospitals and other relevant stakeholders (e.g. payers, pharmacists, nurses)

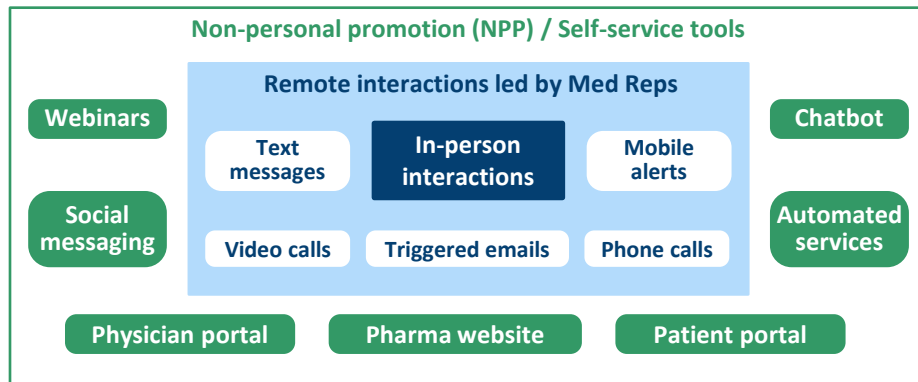
# Med Reps need to shift from physical to digital channels and online platforms to engage with physicians, while maintaining the right balance according to individual physician portrait

## Part 2 – How to Anticipate / Participate to Med Reps’ Job Evolution (2021 – 2024)?

### Recommendations – Principles (2/4)

#1

Offset the decrease of in-person interactions by an array of remote engagement channels



- Remote interactions led by Med Reps can amplify and / or complement the impact of in-person interactions
- Combination of in-person and digital channels lead to more touchpoints and thus ensure a more regular level of interactions
- Med Reps should be able to find the right balance, per physician, between in-person calls, remote interactions and NPP channels

#2

Apply an individual and dynamic segmentation of physicians based on their opinion and behavior

Physicians	Expectations / Priorities / Preferences				
	In-person calls	Information	Services	Digital channel	Frequency of interactions
A	No access	Patient & disease only	HCP-focus	Personalized emails	10 p.a.
B	Limited access	Product & disease	Patient-focus	Remote detailings	12 p.a.
C	Unlimited access	No limitations	Institution-focus	HCPs portals	< 20 p.a.

- Segment each individual physician based on his needs and wants<sup>1</sup> regarding his interactions with Med Reps
- For so doing, pharma companies should collect insights with the help of its in-field collaborators (med reps, MSLs, KAMs, etc.) and if necessary, the external support of a market research company
- A continuous collection of data will enable regular adjustments

Sources: Smart Pharma Consulting

<sup>1</sup> For more details, see our position paper “Outstanding Physician Experience”: <https://smart-pharma.com/wp-content/uploads/2019/10/Outstanding-Physician-Experience-EV-VW-1.pdf>

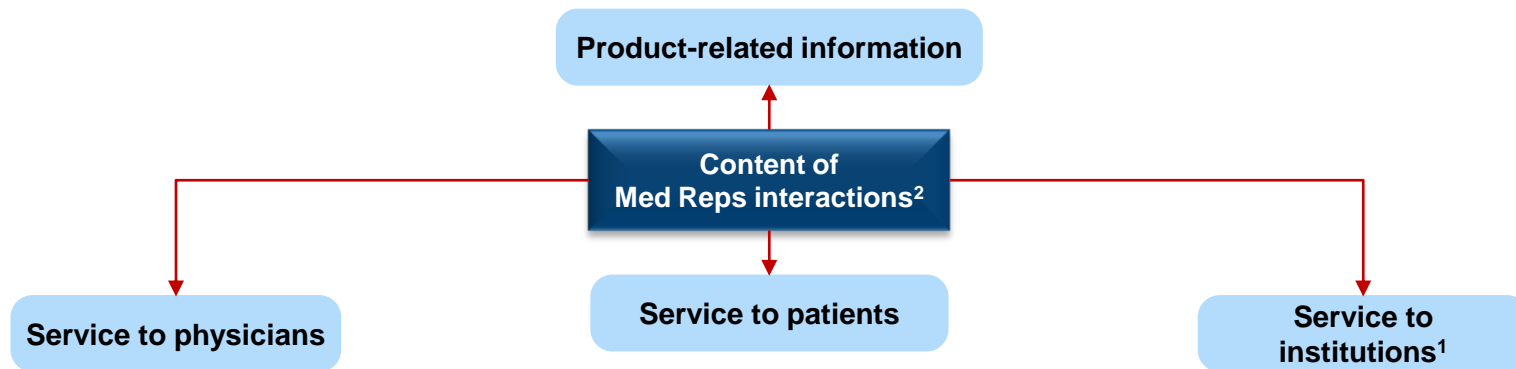
# When interacting with Med Reps, physicians expect a better quality and balance between product-related information and services proposed to them, their patients or their institution<sup>1</sup>

## Part 2 – How to Anticipate / Participate to Med Reps’ Job Evolution (2021 – 2024)?

### Recommendations – Principles (3/4)



Define the content of interactions according to individual physician’s needs and expectations



- Product-related information should focus on bringing new clinical or RWE data useful for the physician’s practice
- Services to physicians could, for instance, consist of:
  - Helping them manage the huge amount of scientific data available
  - Providing them guidance on telemedicine
  - Inviting them to attend webinars or peer-to-peer virtual meetings
- Services to patients are mainly educational materials (presentations, brochures, Apps, etc.) – that can be downloaded – to improve their adherence, their quality of life, their overall care
- Services to institutions, that are today the responsibility of KAMs<sup>3</sup> should be handled by Med Reps – in their new role of service provider – to help them meet their long-term objectives (e.g., increase the number of patients, simplify processes, reduce costs)

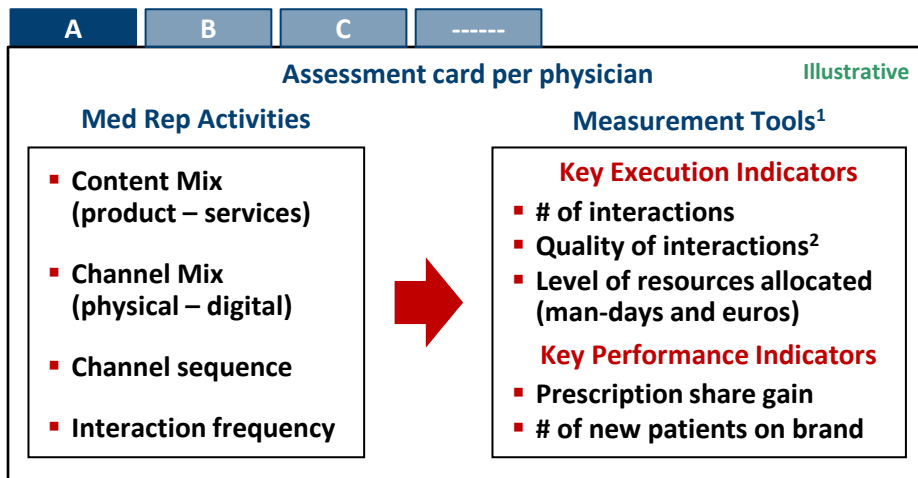
# The judgment of Med Reps, based on rigorous analysis is important to determine the right orchestration of interactions to be executed and evaluated with each physician

## Part 2 – How to Anticipate / Participate to Med Reps’ Job Evolution (2021 – 2024)?

### Recommendations – Principles (4/4)

#4

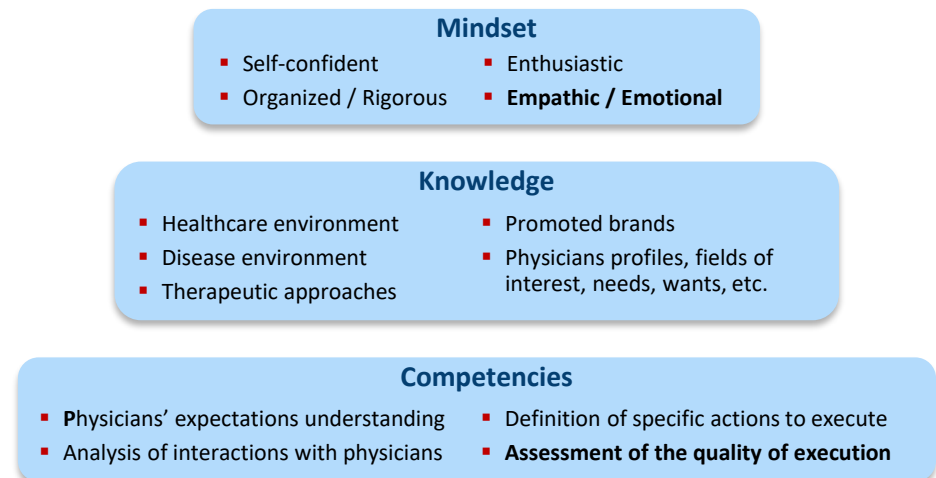
Determine the optimal level of resources (time and money) based on each physician sensitivity



- Resource allocation needs to be optimized – by adjusting content, channels, sequence and frequency of interactions – to lead to a tangible and sustained impact on brand preference
- Coordination with medical and marketing departments is required

#5

Transform Med Rep mindset and develop his skills to create high-value experiences



- Med Reps should have a good knowledge and understanding of the healthcare system, the patient journey and the physician needs
- The evolution of the job will require an adaptation of Med Reps’ profile and the set up of specific training programs

Sources: Smart Pharma Consulting

<sup>1</sup> Quality of execution and performance can be measured by Key Execution Indicators (KEIs) and Key Performance Indicators (KPIs), respectively. See our position paper regarding KPIs & KEIs: <https://smart-pharma.com/wp-content/uploads/2019/07/Smart-Management-Series-KPIs-KEIs-VW.pdf>. <sup>2</sup> Such as the Brand Preference Mix Index (BPMI) or the Net Promoter Score (NPS) as described in the following position paper “Outstanding Physician Experience”: <https://smart-pharma.com/wp-content/uploads/2019/10/Outstanding-Physician-Experience-EV-VW-1.pdf>

To implement the paradigm shift required to maintain, or even boost, the efficacy and efficiency of Med Reps while interacting with physicians, Smart Pharma proposes the following approach

Part 2 – How to Anticipate / Participate to Med Reps’ Job Evolution (2021 – 2024)?

Recommendations – Implementation

Proposed approach

Identification of individual physician portrait

- For each physician, the pharma company will collect, store and analyze data on the physician:
  - Position re. current interactions with Med Reps
  - Expectations from Med Reps:
    - Information sharing (product- and/or non-product related)
    - Service offering to him, his patients, his institution, etc.
    - Preferred communication channels (in-person / digital)
    - Frequency of interactions

Development of an interaction plan per physician

- Design an interaction plan per physician to engage them
- Develop a short-term plan ( $\leq 1$  year) per physician, formalizing:
  - The objective set
  - The engagement strategy
  - The tactics expressed in terms of:
    - Information sharing
    - Service offering
    - Channel mix and frequency
  - Metrics to measure the quality of execution and the performance<sup>1</sup>

Execution of an Individual interaction plan

- Execute the individual interaction plan while emphasizing the importance of the quality of execution
- Allocate enough time to prepare and follow up the interactions carried with each physician (either in-person or digital)
- Measure and analyze carefully and regularly the quality of execution and the impact of the interactions<sup>1</sup> to ensure a continuous optimization
- Coordinate Med Reps activities with medical and marketing departments

Sources: Smart Pharma Consulting

<sup>1</sup> Quality of execution and performance can be measured by Key Execution Indicators (KEIs) and Key Performance Indicators (KPIs), respectively. See our position paper regarding KPIs & KEIs: <https://smart-pharma.com/wp-content/uploads/2019/07/Smart-Management-Series-KPIs-KEIs-VW.pdf>

# Service-led Medical Calls...

————— BEST-IN-CLASS SERIES —————

... to secure access to physicians  
& boost Brand Preference

## 1. Introduction

### Current Situation

**Medical call experiences are generally considered by physicians of limited value, which explains their dissatisfaction and their reluctance to meet medical reps**

- Access of medical reps with physicians is declining and calling time reducing
- Two main reasons explain this trend:
  - Physicians work overload due to staff shortages in view of the number of patients
  - Perceived waste of time<sup>1</sup> due to the lack of usefulness and/or interest in the content of the medical calls
- Physicians are ready to give medical reps some time, during medical calls, provided they can draw some benefits by:
  - Getting useful information
  - Being proposed valuable services, and/or
  - Having a good time

***“The great majority of medical calls are perceived by physicians as a pure waste of time”***



## 1. Introduction

### Desired Situation

**If well redesigned and executed, medical calls may offer physicians an outstanding experience<sup>1</sup> that will help med reps secure regular and impactful interactions**

- Despite their poor image, and their high cost<sup>2</sup>, face-to-face contacts remain the most effective promotional means...
- ... knowing that most physicians ignore digital channels<sup>3</sup>
- Medical calls should be reinvented to:
  - Secure regular access with physicians
  - Influence – directly or indirectly – physicians’ opinion and behavior in favor of the promoted brands
- For so doing, medical reps should turn each of their medical call into a service, highly valued by each of their targeted physicians
- Thus, these new service-led medical calls should offer physicians:
  - Relevant, trustworthy and up-to-date information
  - Useful services (for them and/or their patients)
  - Enjoyable interactions

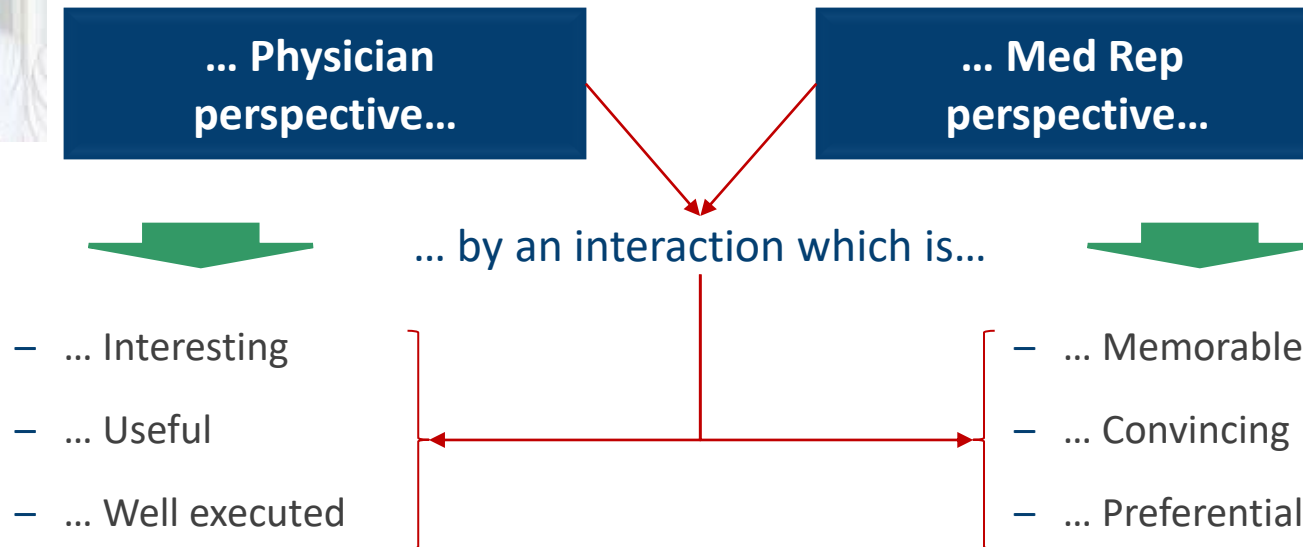
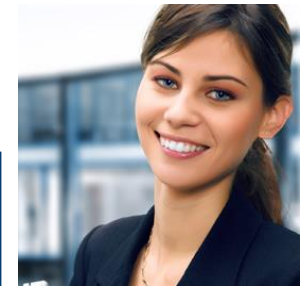
***“To have a positive impact, medical calls must bring a real benefit to physicians”***

## 2. Why Transforming Medical Calls into Services?

- A medical call perceived as a service by physicians will lead to more regular contacts and...
- ... to a better memorization of the call content, a higher probability to convince them and an increased preference to the marketed brands



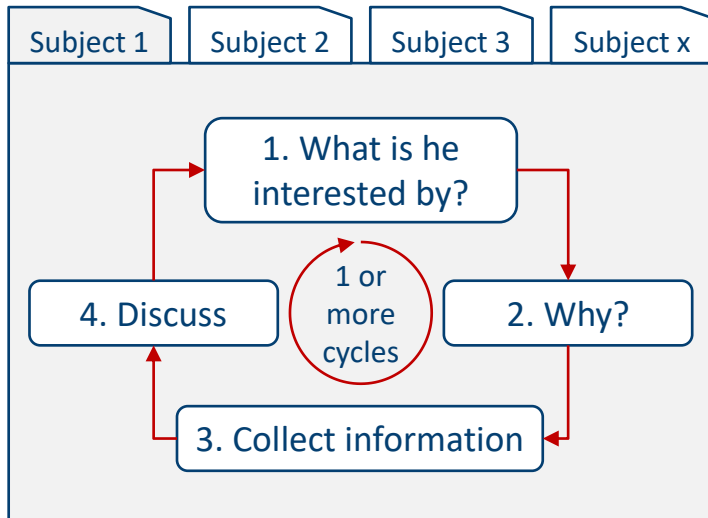
- A service-led medical call is characterized from the...



### 3. How to Transform Medical Calls? – Physician Perspective



#### 1. Fields of Interest



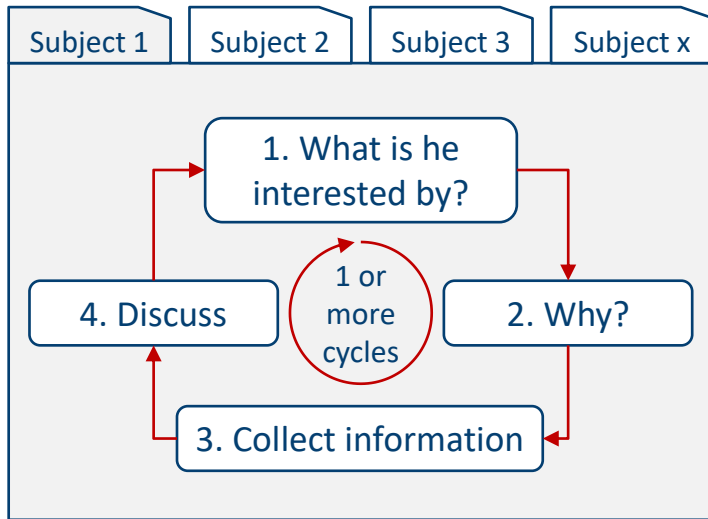
*“What I particularly appreciate about this med rep is his inquiring mind. We always have interesting discussions”*

1. Identify the subjects each physician is particularly interested by and for what reasons (even if these subjects have no direct implications in his professional practice)
2. Select one or several of these subjects
3. Develop your knowledge and understanding about these subjects so that to be able to:
  - Bring him relevant information
  - Share your thoughts
 and thus, have a discussion of interest, likely to differentiate yourself from your competitors

### 3. How to Transform Medical Calls? – Physician Perspective



#### 1. Fields of Interest



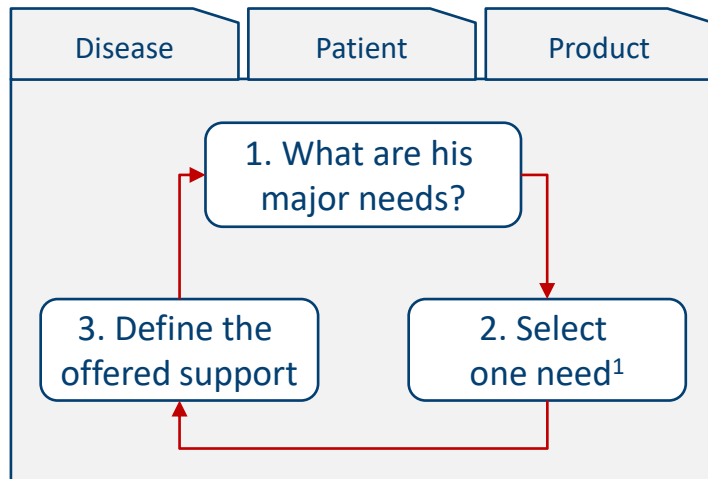
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 and thus, have a discussion of interest, likely to differentiate yourself from your competitors

### 3. How to Transform Medical Calls? – Physician Perspective



## 2. Usefulness



*“What I appreciate with this medical rep is that he provides high quality responses to my needs”*

1. Identify the most important professional needs of each targeted physician (e.g., management of the patient flow, demonstration of the superior value or safety profile of a product vs. competitors)
2. Select the need for which the medical rep is going to propose an answer, after having assessed the:
  - Feasibility (technical, legal, financial)
  - Impact on the preference for the promoted brand
3. Agree upon with the physician the nature and importance of the support to be offered to fulfill the selected need to limit the risks of disappointment

### 3. How to Transform Medical Calls? – Physician Perspective



#### 3. Execution



*“With this medical rep I never waste my time. We always have interesting discussions”*

1. Excelling in execution is a prerequisite for medical reps who must consider the:

- Context (e.g., collective calls, calls w/o an appointment)
- Physician behavior (e.g., though, talkative, in a hurry)
- Objective of the call (e.g., inform, invite to a congress, answer a question, engage)

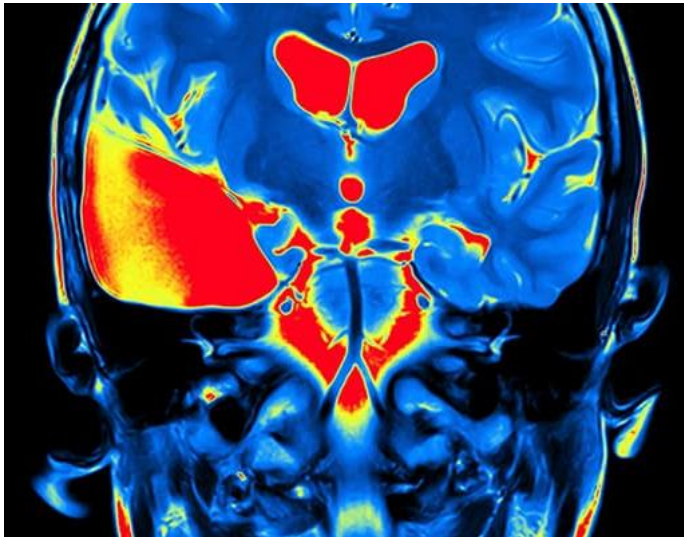
to define the best way to carry out the call (e.g., structure, duration, rhythm, tone)

2. Medical reps must also strive to impress physicians by:

- The breadth of their knowledge
- The soundness of their thoughts
- Their appropriate behavior<sup>1</sup>

### 3. How to Transform Medical Calls? – Med Rep Perspective

#### 1. Memorization

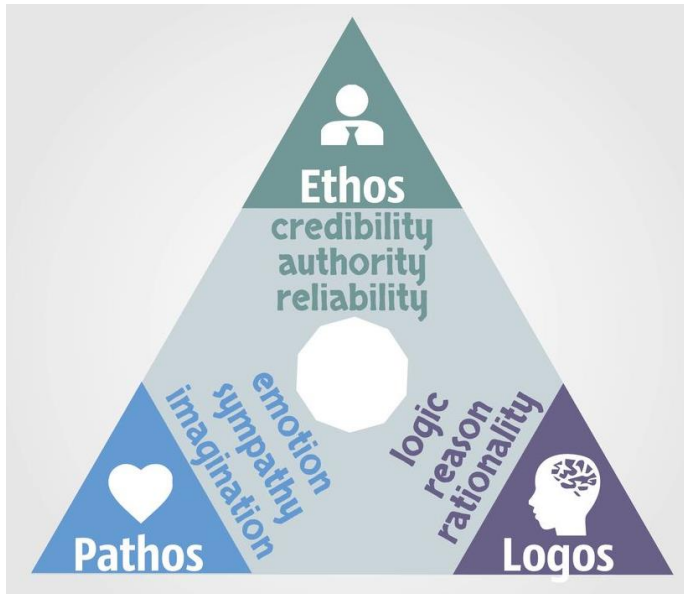


Brain MRI Scan

1. Medical reps' arguments should be supported by:
  - “True stories” (e.g., testimonies of colleagues, patient cases, personal experiences) ...
  - ... with a strong emotive content
2. Neurosciences have shown that “stories”:
  - Stimulate attention and memorization
  - Facilitate the persuasion by increasing the oxytocin which favors cooperative behaviors of people

### 3. How to Transform Medical Calls? – Med Rep Perspective

#### 2. Conviction



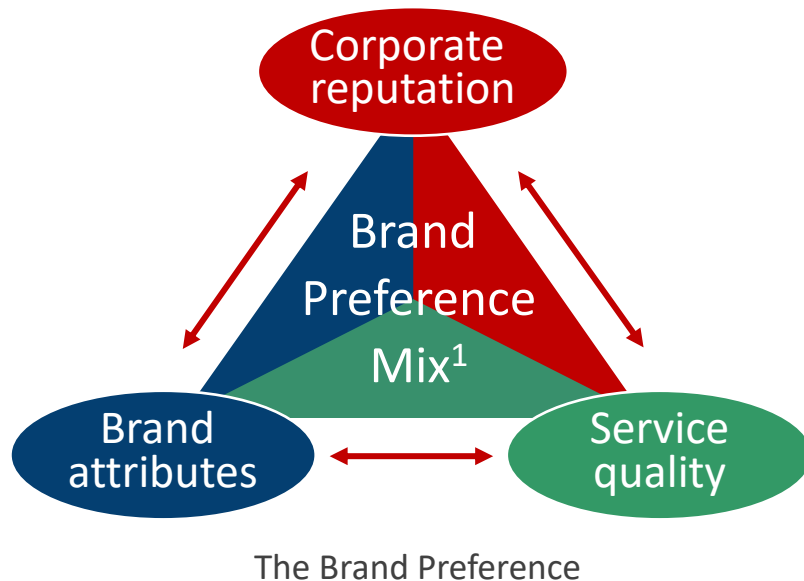
The Art of Rhetoric (Aristotle)

1. To persuade physicians, medical reps should leverage the three levers proposed by Aristotle<sup>1</sup>:
  - The logical argument (Logos)
  - The emotion (Pathos)
  - The credibility (Ethos)
2. In addition, they should adjust to each physician:
  - Their speaking style (clear – precise – concise)
  - Their behavior (posture – voice – look – gesture)



### 3. How to Transform Medical Calls? – Med Rep Perspective

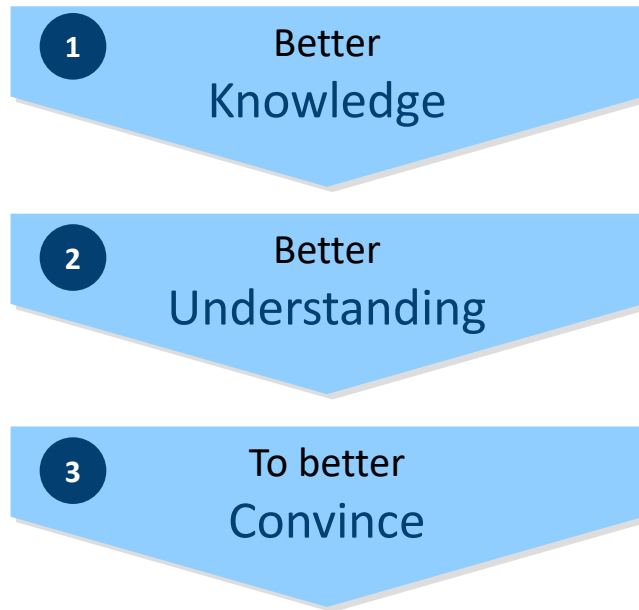
#### 3. Preference



- To strengthen the brand preference of each physician called upon, medical reps should capitalize on:
  - The product distinctive benefits in terms of efficacy, safety and convenience brought to the physician himself and/or his patients
  - The reputation of the marketing company
  - The quality of the services offered to health care professionals, patients, health institutions, etc.
- Each medical call should be conceived (i.e., prepared, executed and followed up as a service per se) (what benefit the physician will get from the medical call?)

### 3. How to Transform Medical Calls? – Before the Call (1/3)

#### Who is my Physician?



After the “ELITE” Program<sup>1</sup>

1. Each physician should be precisely qualified in a dynamic manner, with tools such as personas or physician ID Cards<sup>2</sup>
2. Medical reps should be able to answer the following questions relative to each targeted physician:
  - What are his personality traits?
  - What are his main professional and personal fields of interest?
  - What are his major needs and corresponding expectations vis-à-vis pharma companies?
  - What is his opinion regarding the three components of the “Brand Preference Mix”?
  - What are his prescribing habits and the underlying factors?
  - What does he think about the quality of the calls carried by the medical reps?

### 3. How to Transform Medical Calls? – Before the Call (2/3)

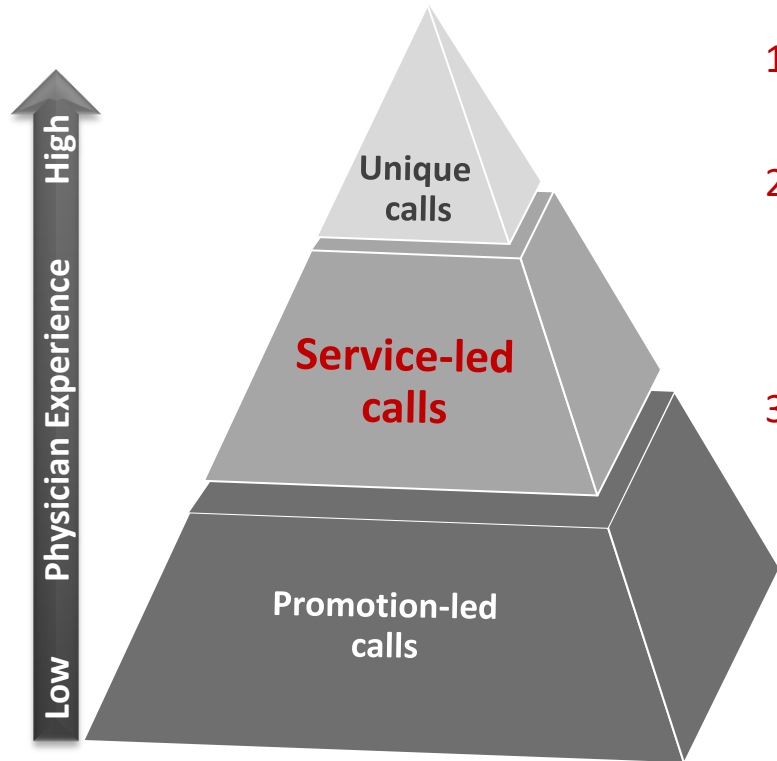


1. Prior to each call, the objective should be precisely defined and could be:
  - Common to all physicians called upon or to a group of physicians (e.g., those practicing in teaching hospitals only)
  - Specific to each individual physician and defined according to his opinion and behavior regarding the promoted brand, the associated services and the marketing company and/or the content of the previous discussions that have occurred with him
2. Then, a call strategy (e.g., communication messages) should be defined to meet the set objective
3. The chosen tactics should be the ones best supporting the strategy (e.g., a specific clinical study)

### 3. How to Transform Medical Calls? – Before the Call (3/3)

Medical Call Objective – Strategy – Tactics

#### Specific Individual Call Approach



1. Moving up from a promotion-led to a service-led call, and ideally to a unique call, requires a specific preparation
2. This preparation carried for each physician before each call should be based on lessons learned from past interactions with him to make him live an outstanding experience, particularly useful and/or interesting and well executed
3. The call can be organized in several customized steps:
  - Introduction (the hook) – requisite step
  - Coverage of a topic of interest previously identified
  - Answer a physician need, beyond his expectations
  - Positioning of the brand as a solution – amongst others – but with specificities creating value for him and/or his patients

### 3. How to Transform Medical Calls? – During the Call

#### Best Practices

#### Hook

Grab attention & Interest

##### Conditioning time

- Show right away (if possible) your good mood and that you are happy to meet the physician<sup>1</sup>
- Vary the way of starting the call:
  - Recall of previous discussions and provision of new information
  - Testimonies of colleagues
  - Discussion re. healthcare news, the pipeline of the marketing company, a new service proposed, etc.
  - Start the call by covering a subject of interest or a specific need

#### Argument

Demonstrate & Convince

##### Brand contextualization

- Propose the physician to cover a medical topic after checking his interest for the subject
- Then, highlight the benefits of the promoted brand with the support of robust enough evidence
- Manage questions and objections in a rigorous manner
- The medical rep should pay attention to what the physician says to enrich his insight<sup>2,3</sup>

#### Engagement

Persuade

##### From a preferential opinion to a preferential behavior

- Recall all the points of agreement
- Summarize the arguments put forwards to convince
- Engage the physician to:
  - Attend a medical meeting
  - Participate to an advisory board
  - Try the brand on a specific patient
  - Share his experience with the brand during the next call
  - Etc.

### 3. How to Transform Medical Calls? – After the Call (1/2)

#### Best Practices

##### Evaluation of the physician perception

- Estimate what has been the physician opinion about the interaction during the call:
  - Auto-evaluation by the medical rep after each call with the help of a 5-point scale, for instance, completed by the rationale supporting the mark
  - Annual evaluation of the quality of calls on a 10-point scale, by each physician during a medical call carried out by the medical rep, completed by the rationale supporting the mark

##### Analysis and summary of the key points of the calls

- Evaluate if the objective has been met or not; and why
- Write down the key learnings from the call:
  - New specific information collected relative to the physician (e.g., his fields of interest, problems, needs, expectations, opinion, behavior), his patients, the institution where he works
  - Reasons underlying these facts
  - Engagements of the physician and medical rep ones (services)

##### Objective and strategy setting for the next call(s)

- Set the objective(s) of the next call(s) based on the new information collected and analyzed; ideally as soon as the call is over
- Anticipate and plan the searches to be carried out or the material to be gathered to implement – during the next call – the strategy which would have been set

### 3. How to Transform Medical Calls? – After the Call (2/2)

#### Best Practices

- The medical reps should measure once a year, during a face-to-face meeting, the opinion of each physician, and its evolution, regarding the quality of their interactions

- The evaluation of the quality of the medical calls, as perceived by each physician, can be integrated in the measurement of the three dimensions of the Brand Preference Mix:

1. The perception of the promoted brand (efficacy, safety, convenience)
2. The reputation of the marketing company
3. The quality of the services proposed, amongst which the content of the medical calls

- The measurement provides the medical reps with:
  - A better knowledge and understanding of the physician
  - A more robust identification of the specific actions and messages the more likely to strengthen the brand preference

The image shows three overlapping survey forms from Smart Pharma Consulting. The top form is titled 'PROGRAMME D'AMELIORATION DE LA QUALITE' and focuses on 'QUALITE DU PRODUIT'. It includes questions 5, 6, and 7. Question 5 asks about the degree of importance of the product in patient care. Question 6 asks for an evaluation of the product in terms of efficacy, tolerance, and ease of use. Question 7 asks for an evaluation of each dimension. The middle form is titled 'PROGRAMME D'AMELIORATION DE LA QUALITE' and focuses on 'SERVICES ASSOCIES AU PRODUIT'. It includes questions 8 and 9. Question 8 asks for an evaluation of services for doctors and patients. Question 9 asks for an evaluation of each dimension. The bottom form is titled 'PROGRAMME D'AMELIORATION DE LA QUALITE' and focuses on 'IMAGE LABORATOIRE'. It includes questions 10, 11, 12, and 13. Question 10 asks for an evaluation of the laboratory's image. Question 11 asks for reasons for the evaluation. Question 12 asks for recommendations to improve the image. Question 13 asks for an estimation of the laboratory's image compared to others. Each form includes a date field, checkboxes for 'élevée', 'moyenne', and 'basse', and a 10-point scale.

## Key Success Factors

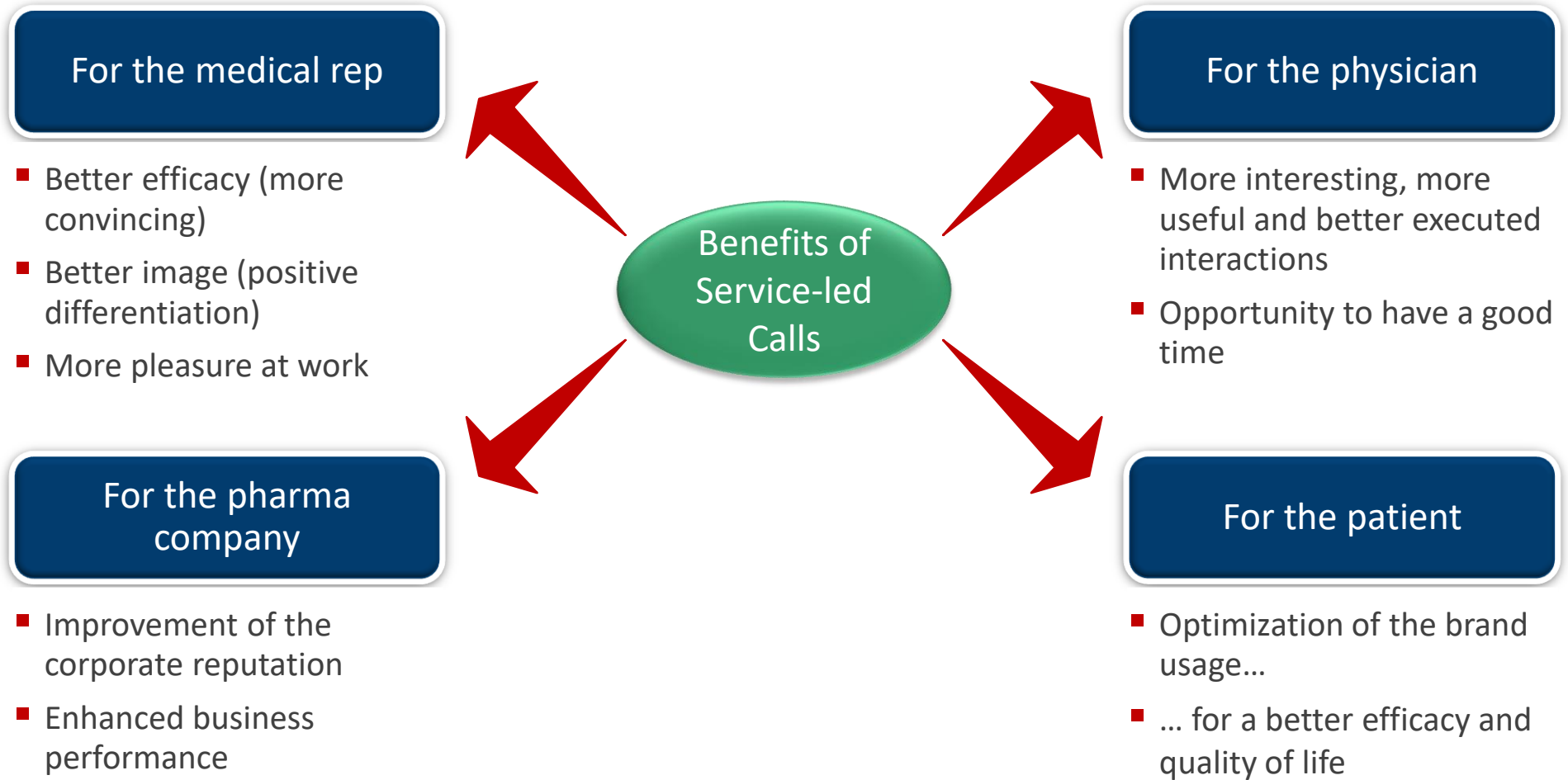


- Get well prepared before each medical call with each individual physician
- Look for innovative<sup>1</sup> approaches to persuade the physician to prescribe more the promoted brand in the best interest of his patients
- Highlight the marketing company and its services to strengthen the preference of each physician for the promoted brand
- Have fun while interacting with physicians

*“The challenge is to turn each call into...  
... a unique and memorable positive experience for each physician”*



## Expected Benefits



# Best-in-class Hospital KAM

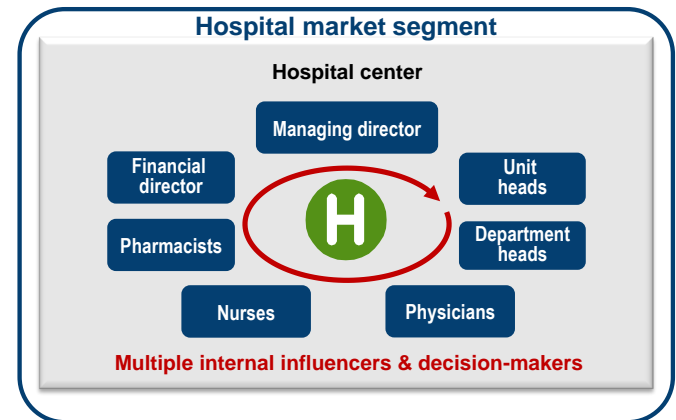
————— BEST-IN-CLASS SERIES —————

Implementation of the  
KAM EXPERT program

## With the consolidation of their customers becoming bigger and more price-sensitive, pharma companies have created KAM positions to better protect their business

### Scope & Objective

- Suppliers of the FMCG<sup>1</sup> sector have created, long time ago, the position of **Key Account Managers (KAMs)** to better negotiate their global offering with the chains of distributors
- KAMs are not new in the pharma industry but their importance has recently increased to better cope with the increasing price-sensitivity, complexity and business importance of key accounts
- The purpose of this position paper is to introduce the **KAM EXPERT WHEEL** developed by Smart Pharma Consulting to **strengthen** the **competences** and **performance** of **KAMs**
- If this program, which includes **concepts**, **methods** and **tools**, has been specifically designed for **hospital KAMs**...
- ... **most of its content applies to other key accounts such as:**
  - Regional health authorities & payers<sup>2</sup>
  - Local health centers<sup>3</sup>
  - Pharmacy chains & VTOs<sup>4</sup>



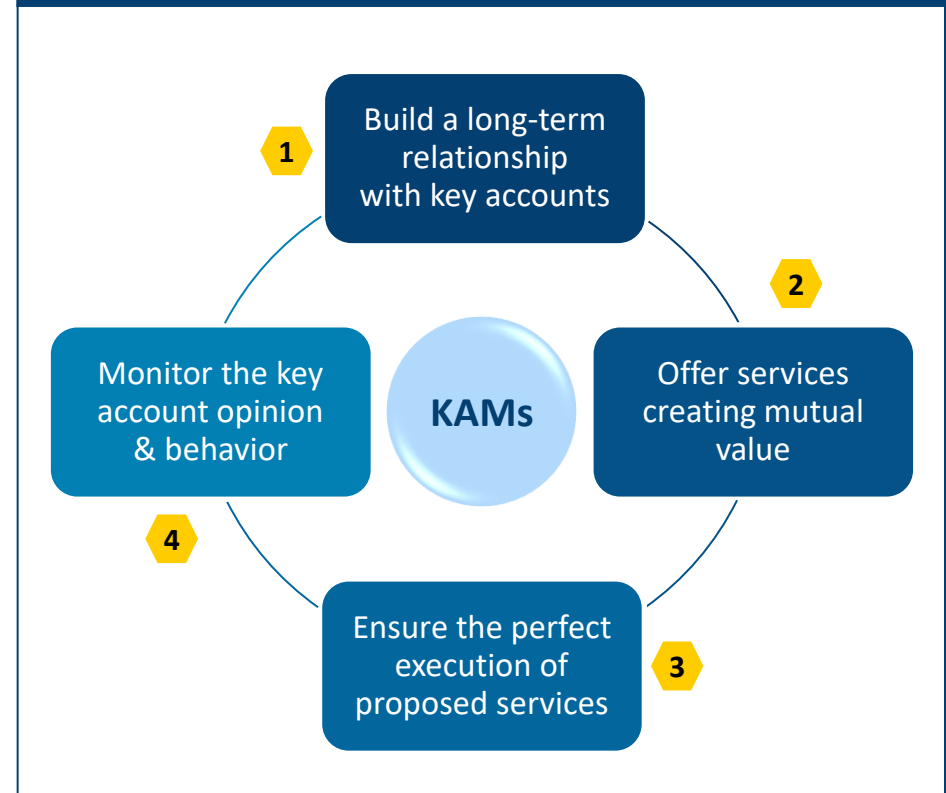
## Hospital Key Account Managers role is to influence multiple stakeholders in a complex B-to-B environment by creating long-term mutual benefits

### Hospital Key Account Managers role and core activities

#### Role

- KAMs are one of pharma companies' field teams<sup>1</sup> interacting with hospital centers
- Their role is to **develop the business** of pharma companies **over the long-term** by **proposing services** to hospital influencers and decision-makers to meet some of their needs, such as:
  - Become a reference center in a given pathology
  - Attract more patients
  - Improve hospital organization and efficiency (saving cost and time)
- KAMs have most often a **background of first-line manager**<sup>2</sup> and are in general **affiliated to the commercial department**
- Due to their cross-functional responsibilities beyond commercial matters, KAMs should ideally report to the head of the Hospital Division or to the COO<sup>3</sup>

#### Core activities



Sources: Smart Pharma Consulting

<sup>1</sup> Amongst other field teams we can mention: medical reps, MSLS (Medical Science Liaisons), KIMs (Key Institution Managers) – <sup>2</sup> It is important to note that competent medical reps do not make necessarily competent KAMs. The skill set required for key account management role is much broader – <sup>3</sup> Chief Operating Officer

Hospital KAM is a high-level position requiring in-depth customer insights to determine their evolving needs and wants, and to propose solutions delivering mutual value

Hospital Key Account Managers core competences

Competence = **K**nowing & **U**nderstanding x **D**eciding & **I**mplementing

### Knowing & Understanding

- Set specific objectives per key account such as:
  - Getting listed
  - Modifying purchasing process
  - Minimizing price pressure
  - Gaining market share
  - Being prescribed to discharged patients
- Identify influence and decision paths at hospital level to secure the business of the pharma company
- Gather and analyze the needs and wants of key accounts to propose them services likely to create value to them, bearing in mind they can evolve overtime

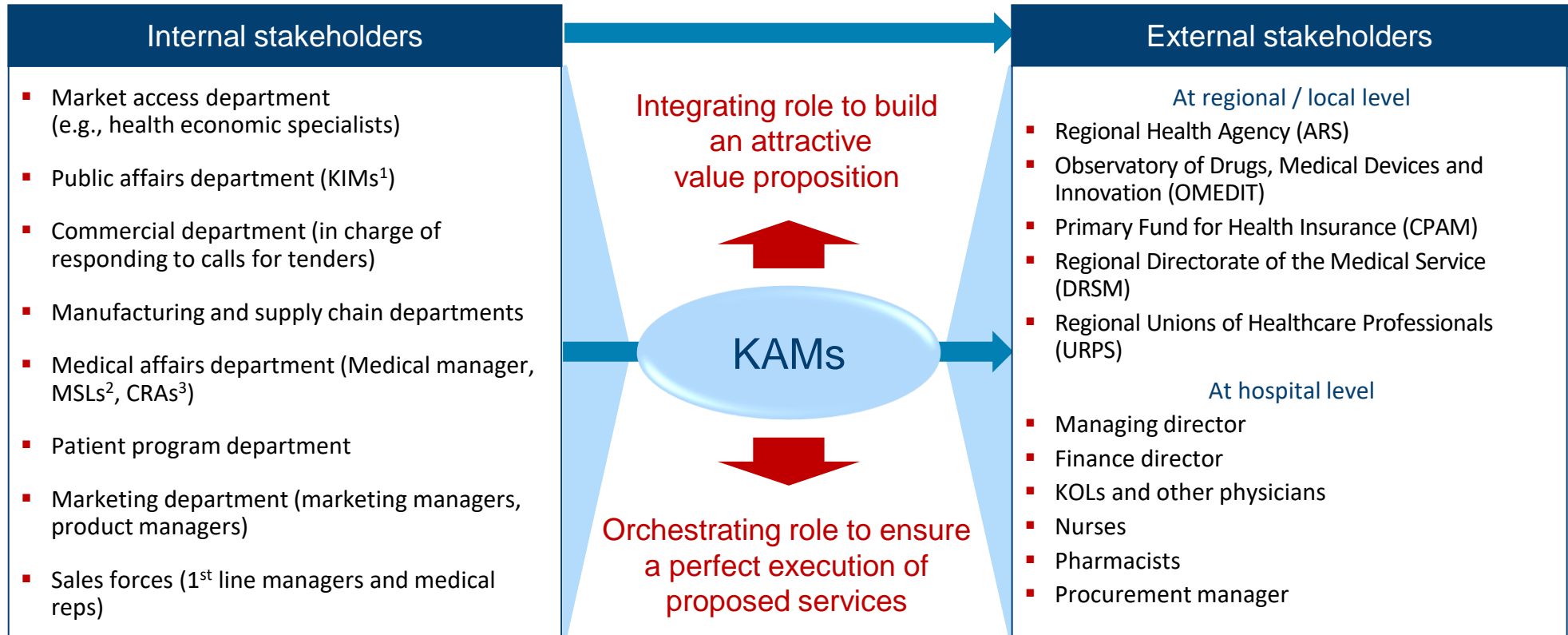
### Deciding & Implementing

- Develop / co-develop<sup>1</sup> customized services associated (directly or indirectly) to the product portfolio which should deliver mutual value (benefit) for both the hospital and the pharma company
- Build a long-term relationship with key accounts
- Demonstrate leadership and ability to work with cross-functional and multidisciplinary teams
- Manage projects efficiently and effectively
- Monitor carefully the quality of execution and the impact of proposed services

*“Any fool can know. The point is to understand” – Albert Einstein*

The complexity of the Hospital KAM role lies in the fact that they must deal with multiple internal and external stakeholders having different needs and priorities

### Cross-functional role of Hospital KAMs

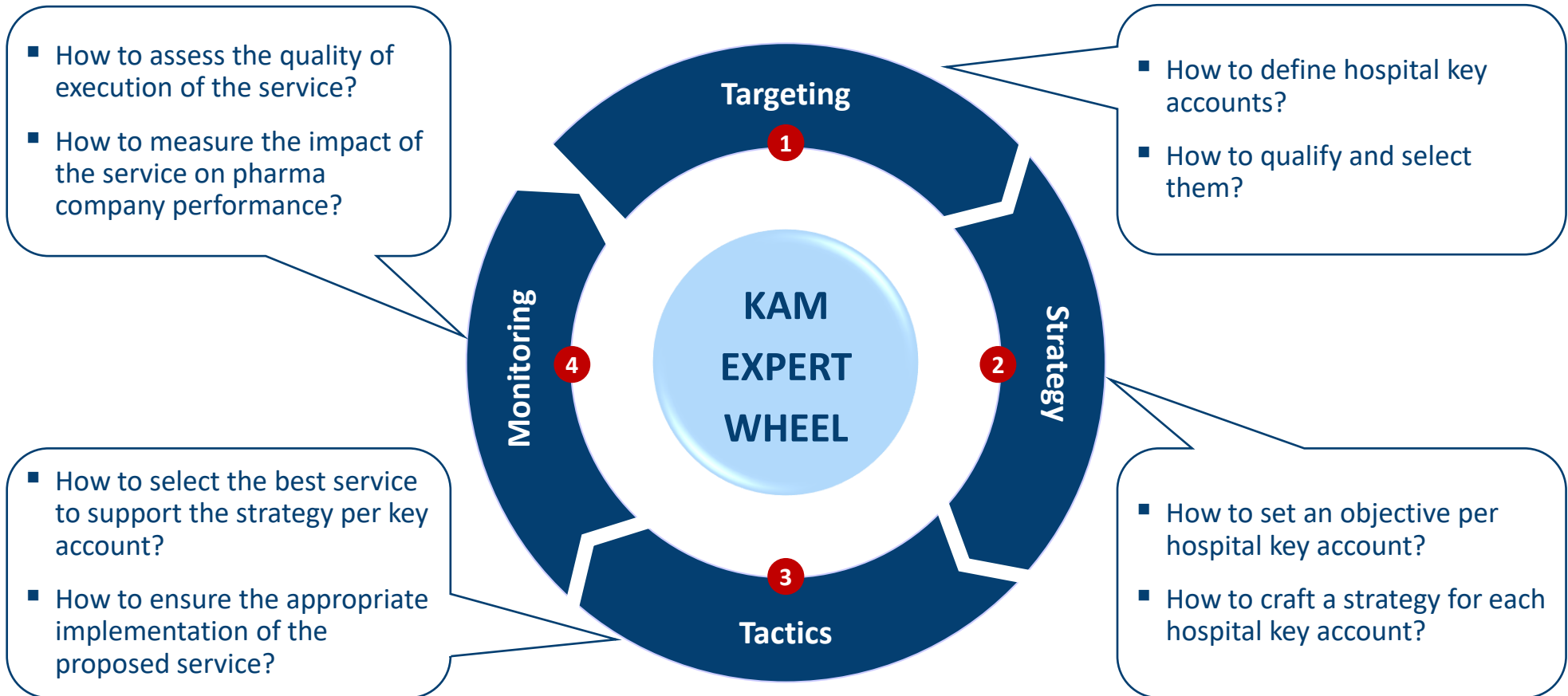


Sources: Smart Pharma Consulting based on a benchmarking studies carried out in 2019

<sup>1</sup> Key Institution Managers in charge of relations with regional health authorities and payers and, in some pharma companies, with local / regional politicians too – <sup>2</sup> Medical Science Liaisons – <sup>3</sup> Clinical Research Assistants

The KAM EXPERT WHEEL has been designed to structure the activities of the KAMs and help them cope with the complexity of their tasks

The four steps of the KAM EXPERT WHEEL



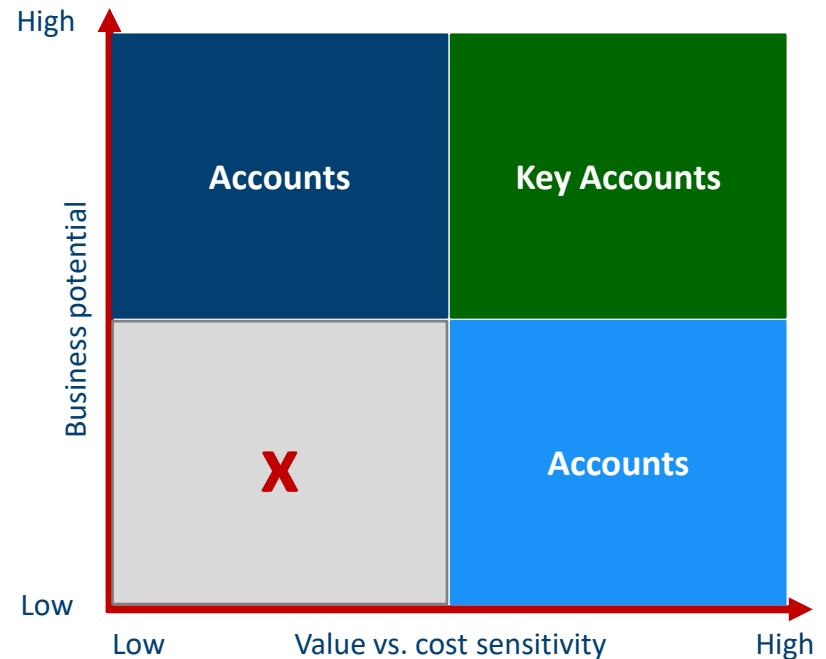
## Hospital key accounts should be critical to direct / indirect performance of pharma companies and value specific services associated to drugs, beyond their cost

### How to define a hospital key account?

#### Specificities of Hospital Key Accounts

- To be eligible to the status of key account by a pharma company, hospital centers should:
  - Represent a significant share of its direct and/or indirect<sup>1</sup> sales and profits with favorable perspectives
  - Value solutions / services that could be proposed
- The objective of Key Account Management is to:
  - Optimize the performance (sales and profits) of the pharma company product portfolio (e.g., minimize price pressure, maximize sales level and growth)...
  - ... by developing / co-developing services to help hospital centers meet their long-term objectives (e.g., increase the number of patients, become a reference center, reduce management cost of medical procedures, simplify processes, etc.)

#### Hospital Key Account Targeting Matrix



Sources: Smart Pharma Consulting

<sup>1</sup> Influence on prescribing habits of other hospital centers and/or on office-based physicians



## Beyond business potential, KAMs must estimate the propensity of hospital centers to “reward” pharma companies having delivered extra value to them through services

### How to qualify and select hospital key accounts? (1/2)



- Before deciding to invest in services “around” their product portfolio, KAMs should carefully evaluate the long-term business potential (opportunities and threats) of hospital centers in the therapeutic areas covered by their product portfolio
- The following indicators will be useful to evaluate each account:
  - Five- to ten-year development plan of the hospital activities
  - Number of beds and healthcare professionals
  - Number of patients on the active list
  - Current and forecasted sales in the therapeutic areas covered
  - Level of inpatients and outpatients’ prescriptions and sales<sup>1</sup>
  - Influence of hospital prescribing habits on office-based physicians
  - Etc.
- To document these indicators, the KAMs must carry out desk research, interview regional health authorities, hospital managers, etc.; and then analyze the information gathered

## KAMs should carefully analyze each hospital center to determine its long-term business potential for their product portfolio with specific assessment tools

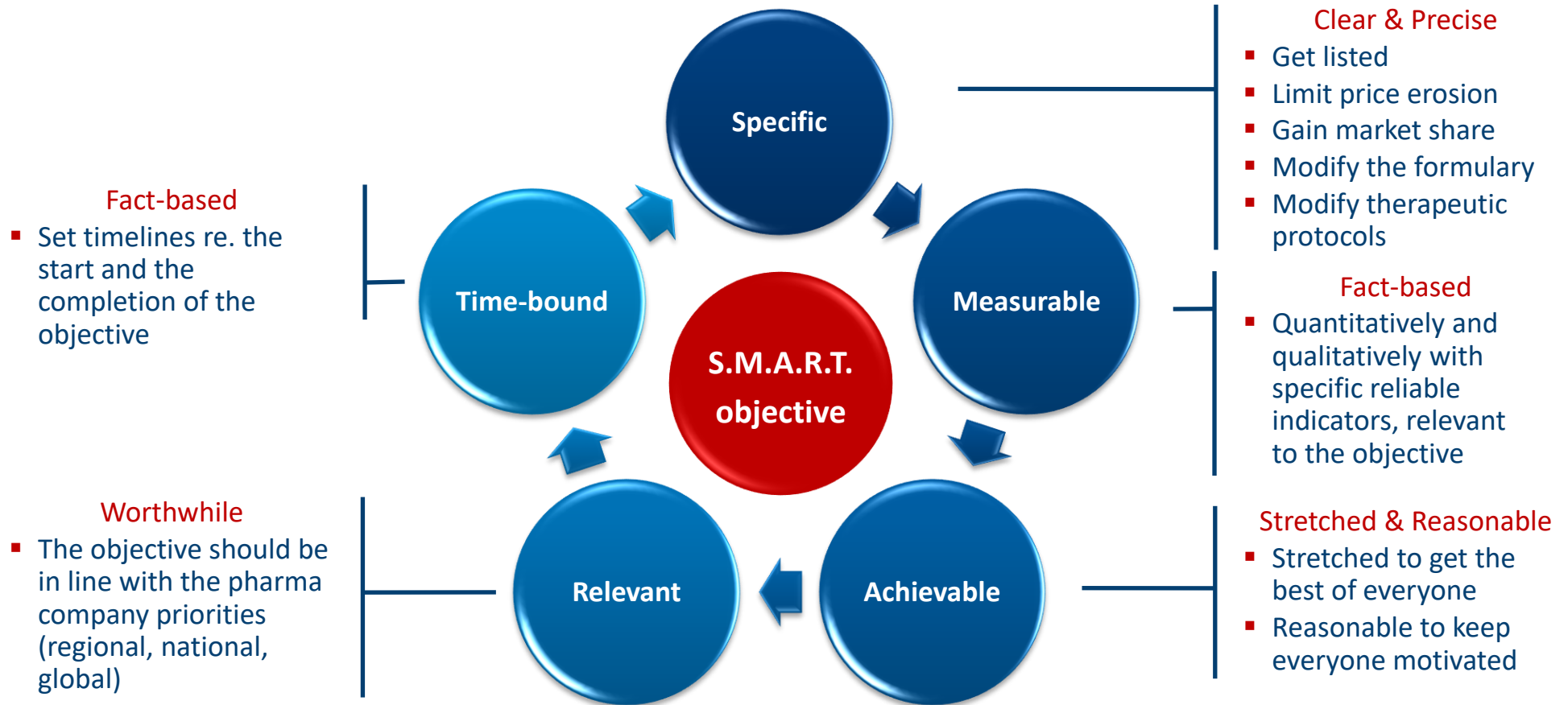
### How to qualify and select hospital key accounts? (2/2)

- Once the business potential has been estimated, KAMs should evaluate:
  - Hospital center needs for tailored services
  - Probability they accept to partner with a pharma company to develop and implement solutions
  - Value they will grant to these solutions
  - Rewards they will accept to give to the pharma company
- Developing and implementing solutions likely to create high value for key accounts require, in general, heavy investments for several years
- The relevance of such investments should be determined by their:
  - Suitability with assessment tools (e.g., SWOT chart) to evaluate losses and/or profits opportunities for the pharma company
  - Acceptability with analytical tools measuring their expected benefits (e.g., ROCE<sup>1</sup>, DCF<sup>2</sup> / NPV<sup>3</sup>, payback, risk sensitivity analysis)
  - Feasibility of the services / solution likely to be proposed on a financial (cash flow), regulatory (compliance) and practical (skills, competence, resources) point of view



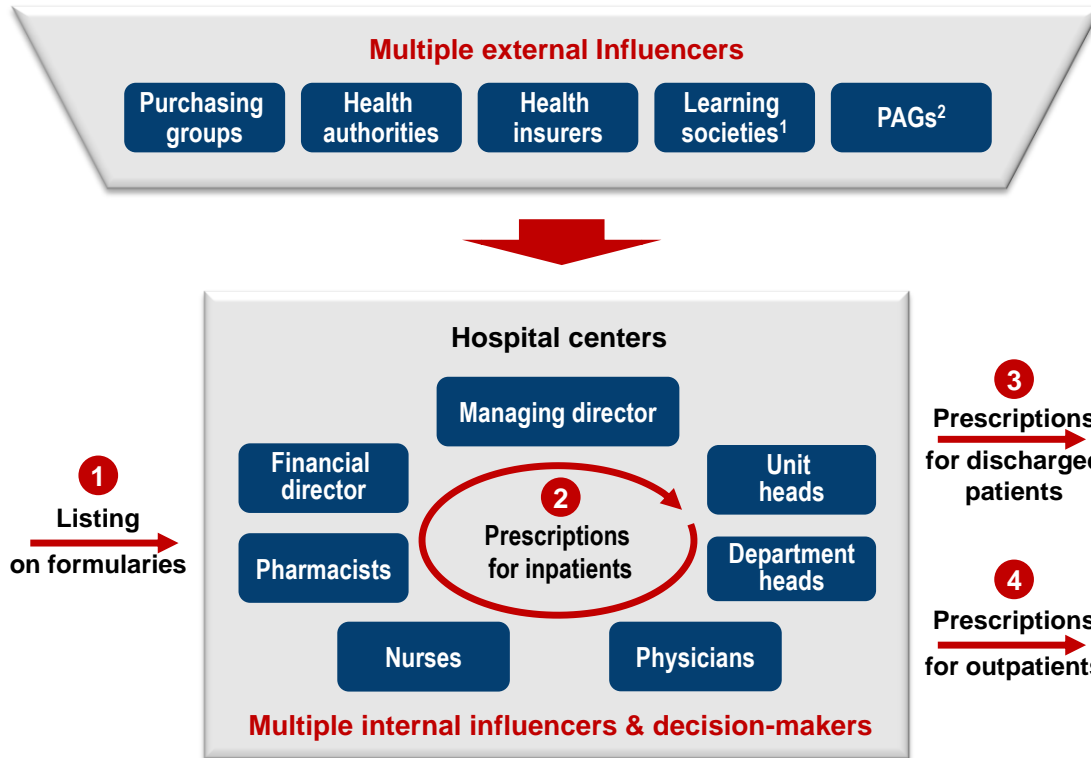
To set an objective per hospital key account, the well-know S.M.A.R.T. rules should be carefully applied to facilitate the proper crafting of the corresponding strategy

How to set an objective per hospital key account?



Irrespective of the hospital key account, the strategy crafted by the pharma company should have a favorable impact on one or several of its four key performance drivers

How to craft a strategy per hospital key account? – Principles (1/2)



- At hospital center level, to boost their performance, pharma companies should activate one or several of the following key performance drivers:
  1. The listing on formularies<sup>3</sup>
  2. The prescription for inpatients<sup>4</sup>
  3. The prescription for discharged patients<sup>4</sup>
  4. The prescription for outpatients<sup>4</sup>
- These drivers will be selected according to the objective set, and the actions to activate them will depend on:
  - Each hospital specificities (e.g., strategic priorities, procurement process and policy, degree of complexity, power games)
  - Product portfolio competitive position
  - Value of services offered to date
  - Corporate reputation

● Key performance drivers for pharma companies

Sources: Smart Pharma Consulting

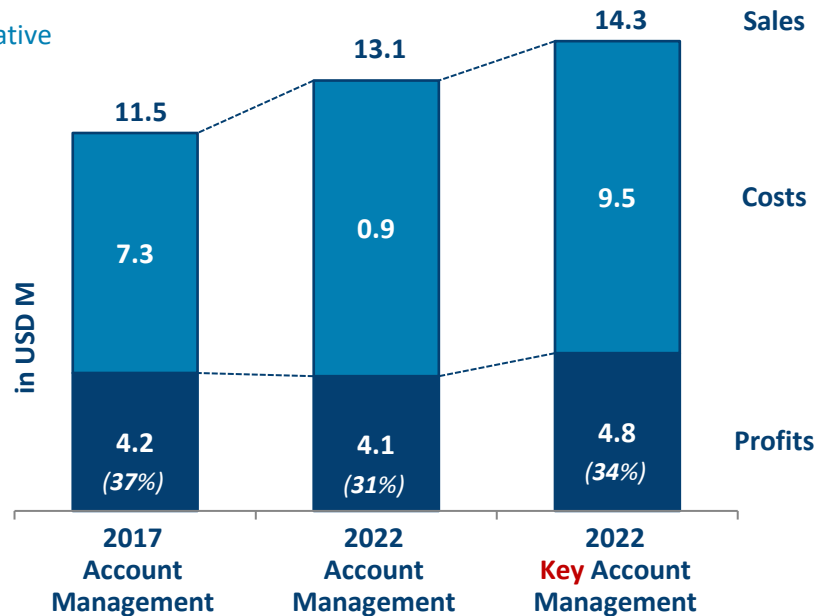
<sup>1</sup> Through the therapeutic guidelines they may publish – <sup>2</sup> Patient Advocacy Groups – <sup>3</sup> Under the direct responsibility of KAMs – <sup>4</sup> Under the direct responsibility of medical reps

To get the expected return on investment from hospital key account management, pharma companies should focus on five critical success factors

How to craft a strategy per hospital key account? – Principles (2/2)

Expected impact from pharma company perspective

Illustrative



The specific management of hospital key accounts by pharma companies will generate extra costs due to the proposed services but should generate more sales, more profits and possibly higher profitability than a standard account management

Critical success factors

- #1: The services (solutions) proposed should be tailored to important needs / wants of the most influential stakeholders of the hospital center
- #2: The partnership should lead to tangible and long-term “win-win” outcomes for both, the hospital center and the pharma company
- #3: The services should be perfectly planned and executed, while being carefully monitored with specific KEIs<sup>1</sup> and KPIs<sup>2</sup> to deliver the expected joint value
- #4: The services should be clearly communicated by the KAMs and related to the pharma company and its product portfolio
- #5: KAMs should be empowered and able to coordinate cross-functional multidisciplinary internal and external stakeholders

Sources: Smart Pharma Consulting

<sup>1</sup> Key Execution Indicators –<sup>2</sup> Key Performance Indicators

## The activities of in-field collaborators interacting with the same hospital center should be integrated in a single key account management plan, including separated sections

### How to craft a strategy per hospital key account? – Tools (1/2)

#### Integrated Key Account Management Plan

##### MSL<sup>1</sup> Section

- **Key clients:** KOLs
- **Key objectives:** build strong and sustainable relationships to develop advocacy at the hospital level and beyond
- **Key activities:** interactions with KOLs, scientific lectures at congresses, symposia, staff meetings, support of research clinical trials, training of speakers and collaborators from marketing and sales teams, competitive intelligence initiatives, etc.



##### Marketing & Medical Rep Section

- **Key clients:** physicians and pharmacists
- **Key objectives:** Increase prescription share
- **Key activities:**
  - **Marketers:** brand preference strategy crafting leveraging products attributes, perceived quality of associated services and corporate reputation
  - **Medical reps:** calls, invitations to medical meetings and congresses, and other services to boost preference

##### Key Account Manager Section

- **Key clients:** health authorities<sup>2</sup>, payers<sup>2</sup>, hospital directors, hospital purchase managers, etc.
- **Key objectives:** strengthen the sales and profits of the product portfolio per hospital center
- **Key activities:** propose / co-develop specific “win-win” projects (e.g., medico-economic studies to increase the access to the brands, patient support programs to improve adherence to treatment, etc.)<sup>3</sup>

## KAM activities should be formalized in an Integrated Key Account Management Plan per hospital center, in coordination with medical, marketing and sales collaborators

### How to craft a strategy per hospital key account? – Tools (2/2)

#### Integrated Key Account Management Plan

##### Structure of the KAM section

- **Situation analysis** (per hospital center)
  - Mapping of key stakeholders (level of influence – behavior)
  - Activity review (quantitative and qualitative analyses):
    - Relationships with key stakeholders (e.g., managing director, financial director, procurement manager, hospital pharmacists, heads of medical departments) of each hospital center re. services currently in place and the needs for new ones
    - Offering / development of services creating mutual value
    - Ensuring the perfect execution of services
    - Monitoring of opinion and behavior of stakeholders
  - Quality of execution and impact of activities measurement
  - Advanced SWOT<sup>1</sup> analysis of the KAM and his pharma company
- **Ambition & strategic priorities** (per hospital center)
  - Ambition setting
  - Strategic priorities to fulfill mid- to long-term ambitions set by the KAM
  - Key activities to support strategic priorities:
    - Shared activities with other departments (e.g., marketing, sales, MSLS, etc.)
    - Non-shared activities
  - Selection of KEIs<sup>2</sup> and KPIs<sup>3</sup> to monitor the services proposed

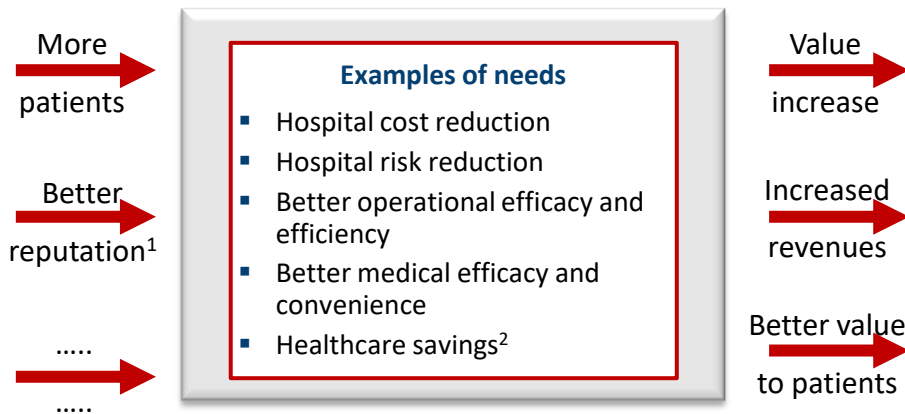


The services proposed by KAMs should fulfill highly valued customer needs and thus, contribute to strengthen the business performance of the pharma company

How to select the best services to support the strategy? – Principles

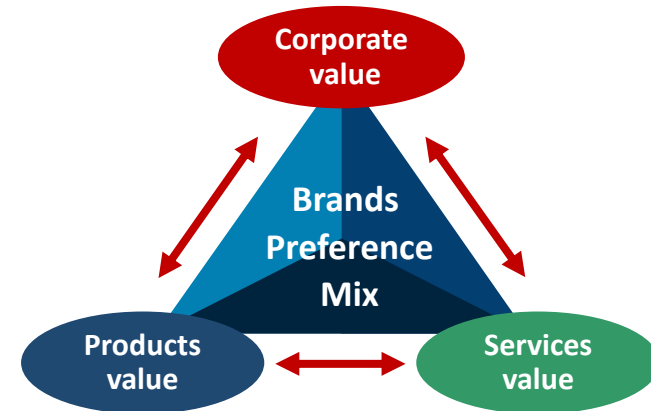
Examples of potential hospital center highly valued needs

**Hospital center**



- Pharma companies may create great value for hospital centers by helping them:
  - Reduce their costs (e.g., procurement process)
  - Manage their risks (e.g., preparation of chemotherapies)
  - Improve their operational efficacy and efficiency (e.g., reallocation of resources, process simplifications)
  - Increase their medical efficacy (e.g., modify protocols) and convenience (e.g., better patient quality of life)

Potential impact of services on pharma company performance



- By offering services – fulfilling hospital centers highly valued needs – pharma companies can expect to:
  - Improve their corporate reputation and
  - Strengthen the perception of their product portfolio and thus, be preferred at the expense of their competitors (i.e., increased likelihood of being listed, better price, higher prescription rate for inpatients and out-patients)

Sources: Smart Pharma Consulting

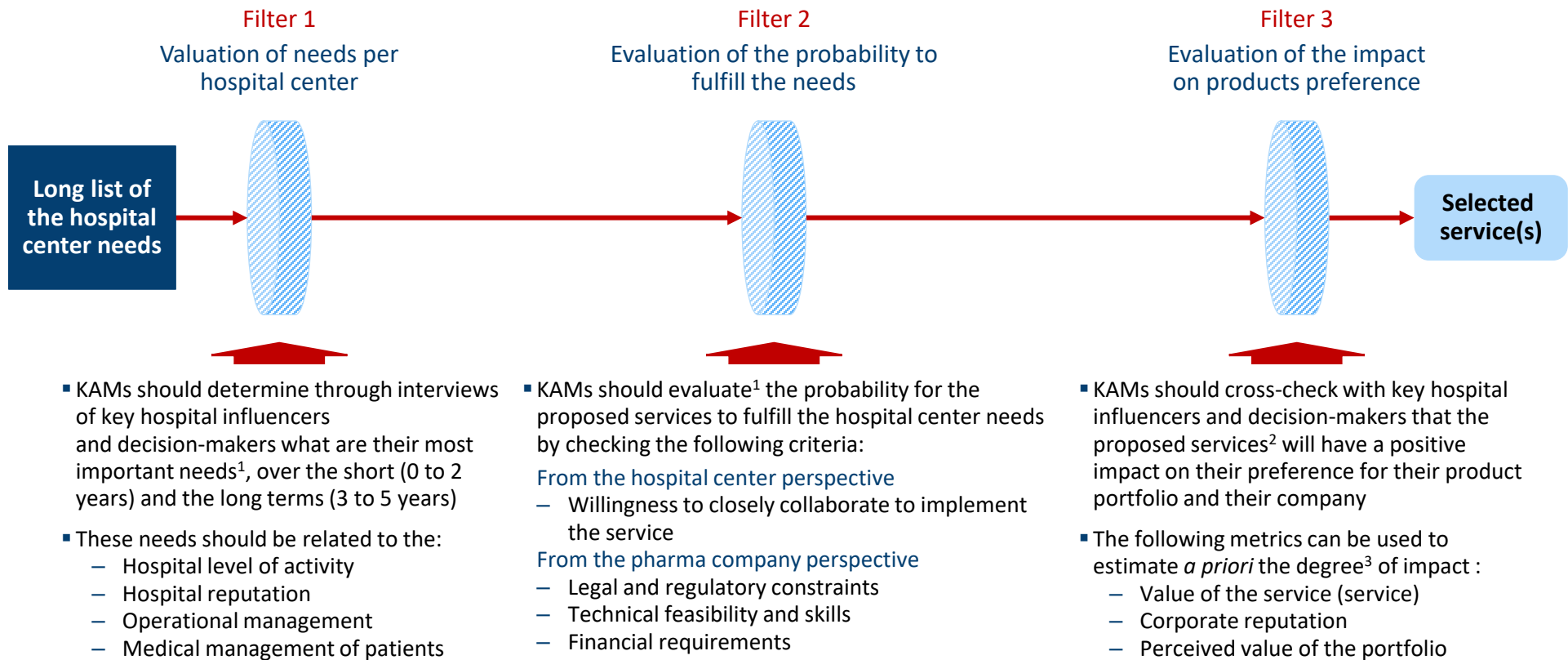
<sup>1</sup> As perceived by: national and regional health authorities, office-based physicians, other hospital centers, healthcare professionals working for the given hospital center and patients – <sup>2</sup> Beyond the sole savings at the hospital level



**KAMs should ensure that the selected hospital needs they intend to fulfill are highly valued and the probability to fulfill them is high to expect a return on investment**

**How to select the best services to support the strategy? – Method**

**Selection of most appropriate services to meet hospital center and pharma company respective objectives**



Sources: Smart Pharma Consulting

<sup>1</sup> A 10-point visual scale can be used for that purpose – <sup>2</sup> if properly implemented – <sup>3</sup> High – Medium – Low

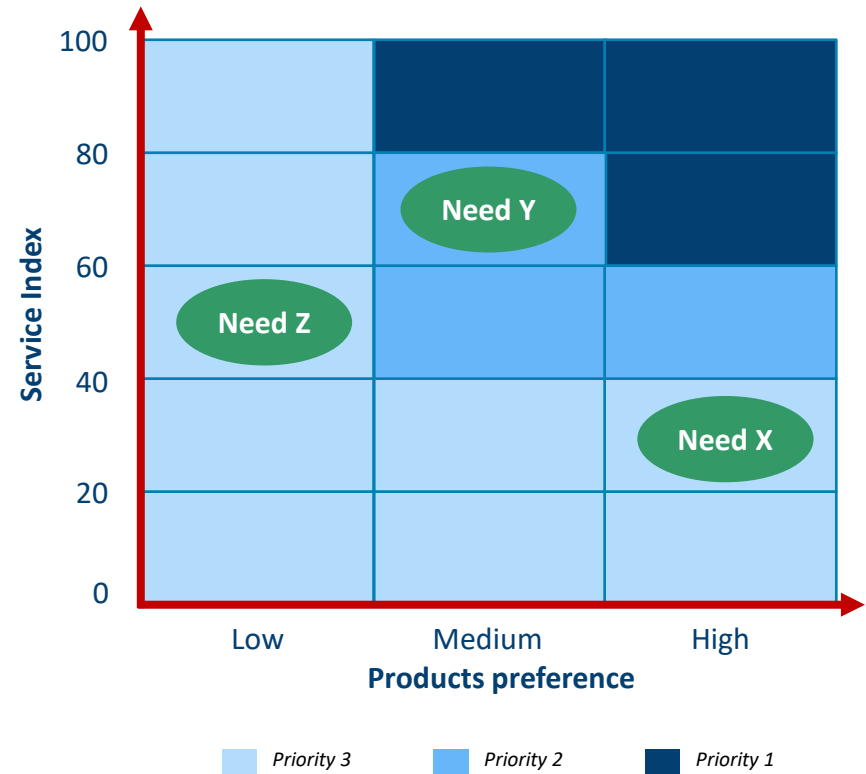
The assessment chart and the selecting map can help KAMs figure out which service they should preferably commit to offer to individual hospital key account

How to select the best services to support the strategy? – Tools

Assessment chart<sup>1</sup>

List of hospital center needs	Need X	Need Y	Need Z	-----
<b>A. Valuation of needs</b>	7	8	8	-----
<b>B. Probability of fulfilling these needs</b>	5	8	6	-----
<b>C. Service Index (AxB)</b>	<b>35</b>	<b>64</b>	<b>48</b>	-----
<b>D. Likely impact on products preference</b>	High	Medium	Low	-----

Selecting map

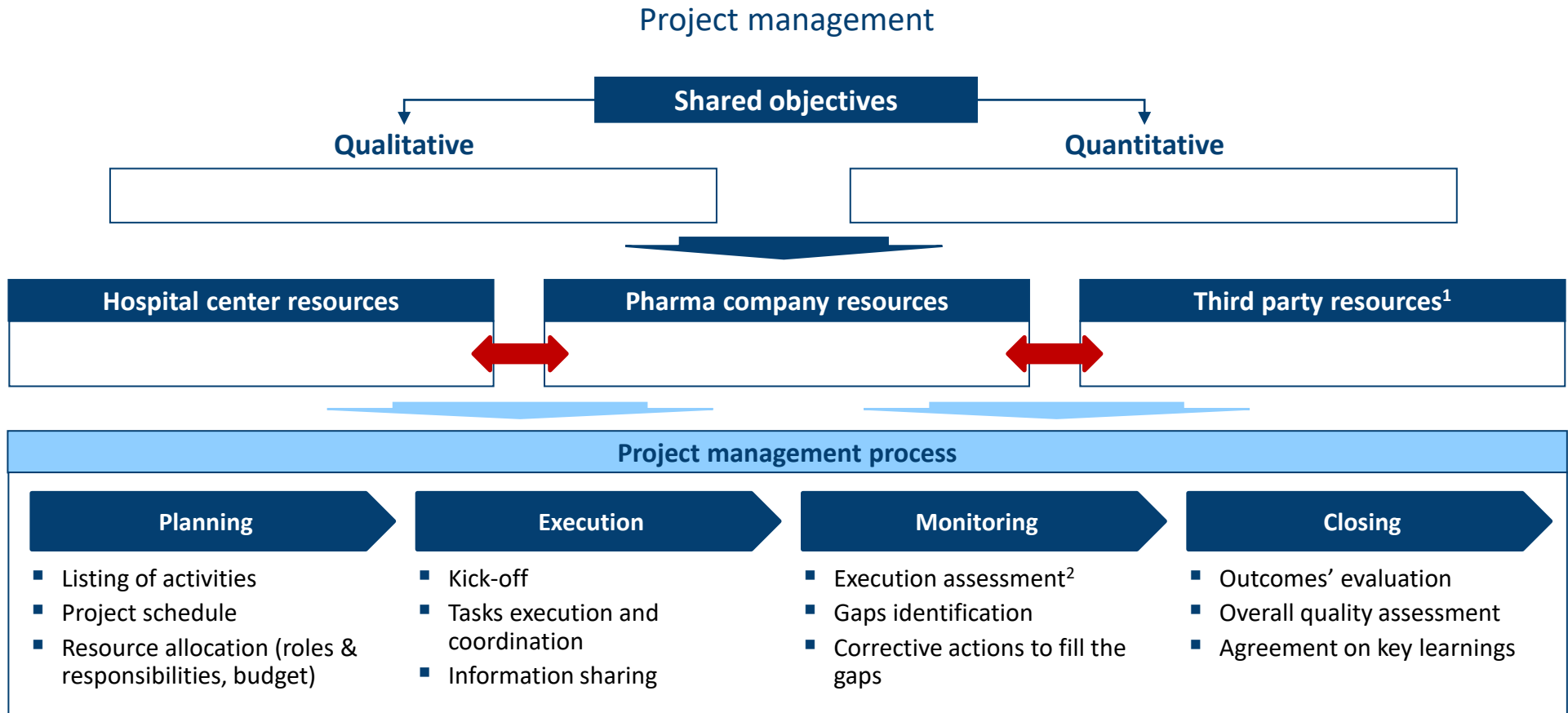


Sources: Smart Pharma Consulting

<sup>1</sup> A 10-point visual scale can be used to assess the two suggested dimensions of the chart (C–D)

It is essential to follow a rigorous project management process to ensure the smooth implementation of the services and increase the chance to get the expected results

How to ensure the appropriate implementation of the proposed services? – Method



Sources: Smart Pharma Consulting

<sup>1</sup> External expert or consultant appointed to carry out the service – <sup>2</sup> With the help of tools such as: Gantt chart, labor report, dashboard with specific Key Execution Indicators (KEIs), etc.

The “Hospital Service Card” is an enabling tool to ensure that hospital stakeholders and the pharma company are aligned on the purpose of the proposed service(s)

How to ensure the appropriate implementation of the proposed services? – Tool

### Hospital Service Card (HSC)<sup>1</sup>

Hospital center name and address		Hospital center key stakeholders		Key issues	
Hospital key activities		Hospital center project manager <sup>2</sup>		Key needs	
Hospital influence		Pharma company KAM <sup>3</sup>		Key wants	

Description of the proposed service					
Objective of the service	For the hospital center			For the pharma company	
Duration of the service	Start date			End date	

Sources: Smart Pharma Consulting

<sup>1</sup> If several services are proposed for the same hospital center, thus several HSC should be filled up –

<sup>2</sup> Key contact point regarding the partnership and the service(s) included in this partnership –

<sup>3</sup> In charge of the service(s) proposed to the hospital center

**The services proposed must create tangible value to the most powerful individuals to increase access and usage of the product portfolio within the hospital key account**

**Examples of potentially highly valued services by hospital centers and pharma companies**

Co-creation of a specific program to increase the number of referred patients, leading to more activity for the hospital center, more drug prescriptions for the pharma company and more income for both

Co-development of a patient registry and offering of a technical support to collect and analyze data to help the hospital center increase medical outcomes in a specific disease covered by the pharma company

Creation and funding of a support program to improve the adherence of patients to their treatment in exchange of a preferred supplier status on the hospital drug formulary

Design and implementation of a specific process to reduce the distribution and inventory costs for both, the hospital center and the pharma company

Help the key account re-engineer the journey of hospitalized patients to reduce the duration of their stay and the time allocated by the HCPs to look after them

The quality of execution of the service should be subject to a dual assessment by the hospital center which benefits from it and the pharma company which proposes it

How to assess the quality of execution of the services? – Tool

Service description		Service objective		Hospital center stakeholders			
<b>Dual valuation by the partners (key hospital stakeholders &amp; pharma company)</b>							
<b>Valuation of the Service*</b>		<b>Rationale</b>		<b>Valuation of the Execution*</b>		<b>Rationale</b>	
Impact on hospital costs	1 2 <b>3</b> 4 5			Quality of planning	1 2 <b>3</b> 4 5		
Impact on operational management	1 2 <b>3</b> 4 5			Quality of execution	1 2 <b>3</b> 4 5		
Impact on medical (patient) management	1 2 <b>3</b> 4 5			Quality of monitoring	1 2 <b>3</b> 4 5		
Impact on healthcare savings	1 2 <b>3</b> 4 5			Quality of budget control	1 2 <b>3</b> 4 5		
<b>Gap analysis</b>		<b>Recommendations</b>		<b>Gap analysis</b>		<b>Recommendations</b>	

**From the pharma company perspective, the value of the proposed services should be translated into higher product sales and associated profits**

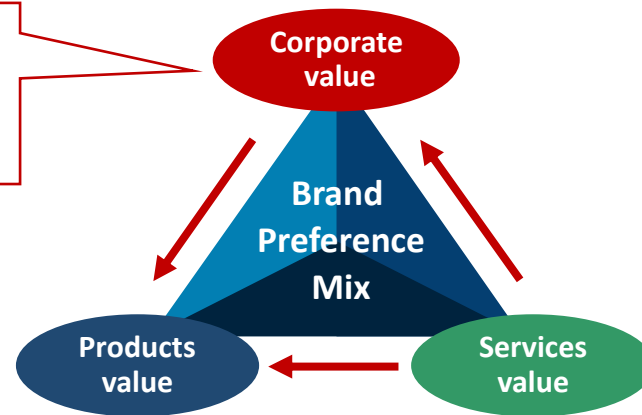
**How to measure the impact of the services on pharma company performance? – Method**

The ultimate objective of the services proposed to the hospital key account is to fulfill one of its highly valued needs to enhance its preference for the product portfolio marketed by the pharma company

- The KAM should **communicate once or twice a year information about his company** (e.g., R&D news, CSR<sup>1</sup> initiatives, specific services delivered, etc.) to the hospital stakeholders

- The direct or indirect<sup>2</sup> **impact of services** on the pharma company will be **objectivized** by the **positive evolution** of its **performance drivers**:

1. Listing on formularies
2. Prescription for inpatients
3. Prescription for discharged patients
4. Prescription for outpatients within the hospital key account



- The **perceived value** of the proposed **services** by the hospital key account will **depend on their ability** to:

- Reduce hospital costs
- Improve operational management
- Improve medical management...

- ... and on their **quality of execution**:

- Planning
- Execution *per se*
- Monitoring

- These services should have a **positive impact** on **corporate reputation** and **products perception**

To objectivize the benefits provided by the services to hospital centers, metrics based on tangible and robust data should be selected and agreed upon *a priori*

Measurement of service value for hospital centers – Tools (1/2)

Qualitative and quantitative assessment tools

### Perceived value of the services (Qualitative assessment)

- The perception of hospital stakeholders should be carefully measured to identify and address the potential weaknesses
- The strengths will also be gathered to leverage on them, especially for communication purpose at hospital center level and at the pharma company level to testify the relevance of the service and the quality of its execution

### Impact on key hospital center needs (Quantitative assessment)

**Hospital center**

**Examples of needs**

1. Hospital cost reduction
2. Hospital risk reduction
3. Better operational efficacy and efficiency
4. Better medical efficacy and convenience
5. Healthcare savings

The impact of services<sup>2</sup> should be measured – before and after – implementation with robust and tangible metrics selected according to the targeted needs of the hospital center to be fulfilled:

1. **Cost reduction** (e.g., treatment cost per patient, lower wastage)
2. **Risk reduction** (e.g., rate of nosocomial infections, death rate)
3. **Operational management**<sup>3</sup> (e.g., shorter patient length of stay)
4. **Medical management**<sup>3</sup> (e.g., pain management of patients)
5. **Healthcare savings**<sup>4</sup> (e.g., improvement of patient adherence)

Sources: Smart Pharma Consulting

<sup>1</sup> As perceived by: national and regional health authorities, office-based physicians, other hospital centers, healthcare professionals working for the given hospital center and patients – <sup>2</sup> As well as the impact of regular medico-marketing and sales activities –

<sup>3</sup> Management includes efficacy and efficiency, amongst other components – <sup>4</sup> Beyond the sole savings at the hospital level

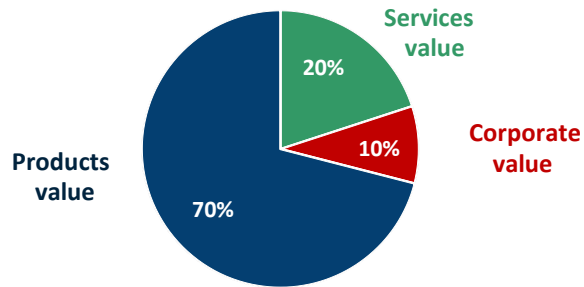


The impact of services proposed by the KAMs to hospital centers should be carefully measured with qualitative and quantitative metrics as proposed here-below

Measurement of service value for hospital centers – Tools (2/2)

Qualitative and quantitative assessment tools

The Brand Preference Mix Index (BPMI)  
(Qualitative assessment)



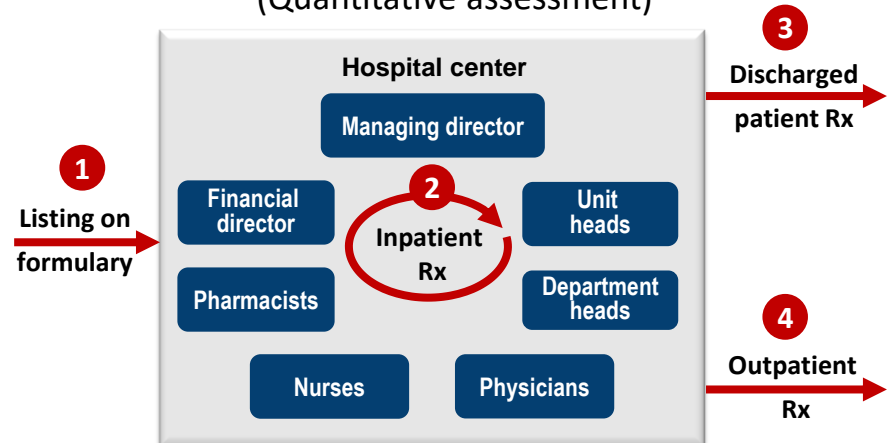
Visual Analog Scale



BPMI calculation  $(70\% \times 9) + (20\% \times 8) + (10\% \times 6) = 8.5 / 10$

The BPMI scores the hospital stakeholders perception at a given point in time, making possible to track the evolution of this perception over time, considering the medico-marketing and sales regular activities and services provided to fulfill their specific needs

Impact on key performance drivers  
(Quantitative assessment)



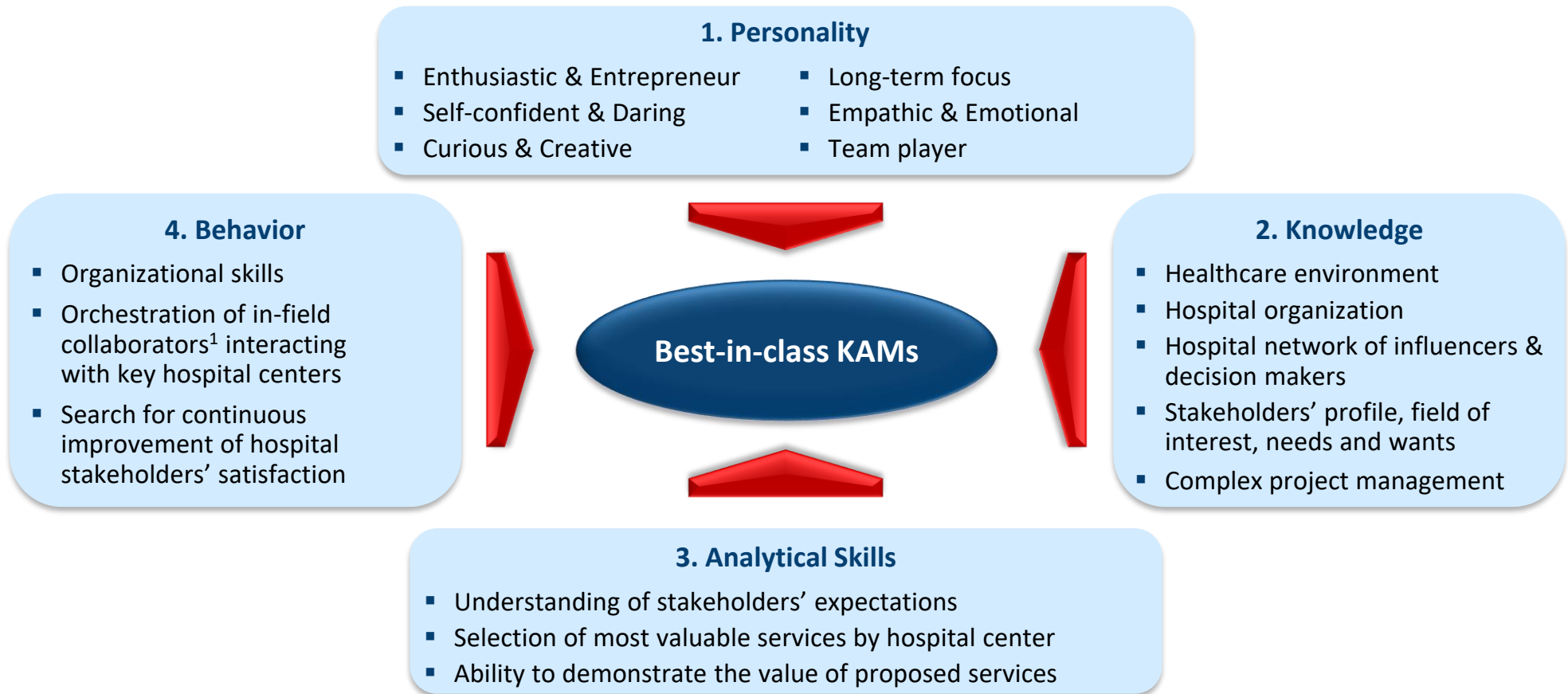
The impact of services<sup>1</sup> should be measured – before and after – their implementation with the following metrics:

- 1. Listing on formulary
  - 2. Inpatient Rx
  - 3. Discharged patient Rx
  - 4. Outpatient Rx
- # of products listed – net price per unit
  - Sales / profit levels and evolution
  - Share of Rx and Rx evolution

● Key performance drivers for pharma companies

**KAMs must have an in-depth understanding of hospital center organizations and needs, be able to manage cross-functional teams and to build trusted long-term relationships**

**Profile & competences of “best-in-class” hospital KAMs**



Sources: Smart Pharma Consulting

<sup>1</sup> Medical, marketing, salespeople and KIMs (Key Institution Managers)

Irrespective of their competence, KAMs should dramatically improve their performance if they implement the KAM EXPERT WHEEL in a rigorous and systematic way

KAM EXPERT WHEEL implementation

The key success factors

1. Carefully **define** hospital **key accounts** according to:
  - The **business potential** they represent for your current and future products
  - The **importance** they attach to **services** provided by **pharma companies** to **avoid investing at loss**
2. Set a **shared objective** with each key account which, if reached, is likely to **lead** to “**win-win**” **outcomes** for both parties
3. The proposed **services** should **fulfill important needs / wants** of the hospital key stakeholders and contribute to **strengthen** the pharma company **performance**
4. While **executing** the service, it is **essential to**:
  - **Communicate internally** (to keep informed and aligned the collaborators in contact with the hospital center) and **externally** (to ensure that the key hospital stakeholders link the service with the pharma company and its product portfolio)
  - Comply with the **highest standards** of **quality**
  - **Measure** the **value** (benefit) of the **services for the hospital centers** and their **effect** on the pharma company **business performance**



As the author of the KAM Expert Wheel and considering their operational experience, Smart Pharma consultants are well positioned to facilitate its implementation

Smart Pharma Consulting Services

KAM EXPERT WHEEL implementation

- Smart Pharma Consulting has an **in-depth expertise** in **improving efficiency of in-field teams** coming from:
  - **General management experiences** in France and abroad for pharma companies
  - **Numerous** operational effectiveness consulting **projects** on the hospital pharma market segment
- The KAM EXPERT WHEEL which has been developed by Smart Pharma Consulting proposes a **rigorous** and **practical** approach to **obtain** a significant **improvement** of **KAMs efficiency** and **efficacy**
- Smart Pharma Consulting can help pharma companies introduce the KAM EXPERT WHEEL as follows:

- 3. **Support methodologically** and **with specific tools** the **selection of services** per hospital key account
- 4. **Develop tools** to **assess** the **quality of execution** of the **services** proposed...  
... and to **measure** their **impact on pharma company performance**



- 1. **Customize** the proposed **targeting method** and **tools** to the specific context of **the pharma company**
- 2. **Help setting objectives** per hospital key account and **craft** an appropriate **strategy** (incl. the **design** of specific **hospital key account management plans**)

# Hospital & Institution Relationships in Regions

————— BEST-IN-CLASS SERIES —————

Recommendations  
for pharma companies

## The evolution of the healthcare environment in regions should spur pharma companies to adjust hospital KAMs<sup>1</sup> and regional KIMs<sup>2</sup> roles and responsibilities

### Introduction

#### Scope & Objective of the study

- The purpose of this position paper is to **analyze** the **hospital KAMs** (Key Account Managers) and the **regional KIMs** (Key Institution Managers) **roles** and **responsibilities** and to discuss **the way** they **must adapt** to the **evolution** of the **regional healthcare environment** in France
- For so doing, Smart Pharma Consulting has:
  - **Reviewed** its previous **publications** on this topic
  - **Interviewed** senior executives from French affiliates of **7 pharma companies** (Biogen, Janssen, MSD, Pfizer, Roche, Novartis and Novo Nordisk) in July and November 2018
- Based on these information, Smart Pharma Consulting **proposes**:
  - **Strategic** and
  - **Organizational recommendations**

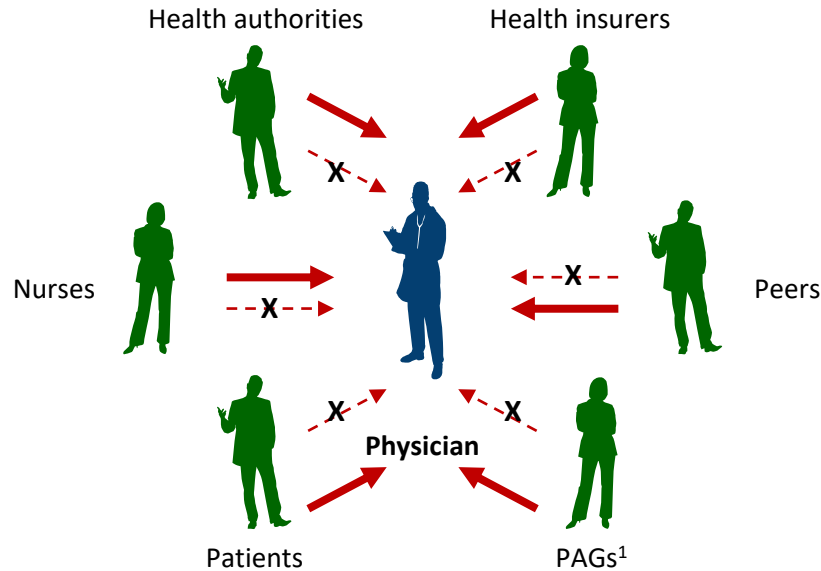
regarding hospital KAMs and regional KIMs

The pharma market is increasingly driven by multiple stakeholders influencing physicians' prescriptions and by secondary care drugs mainly prescribed at hospital

Key principles

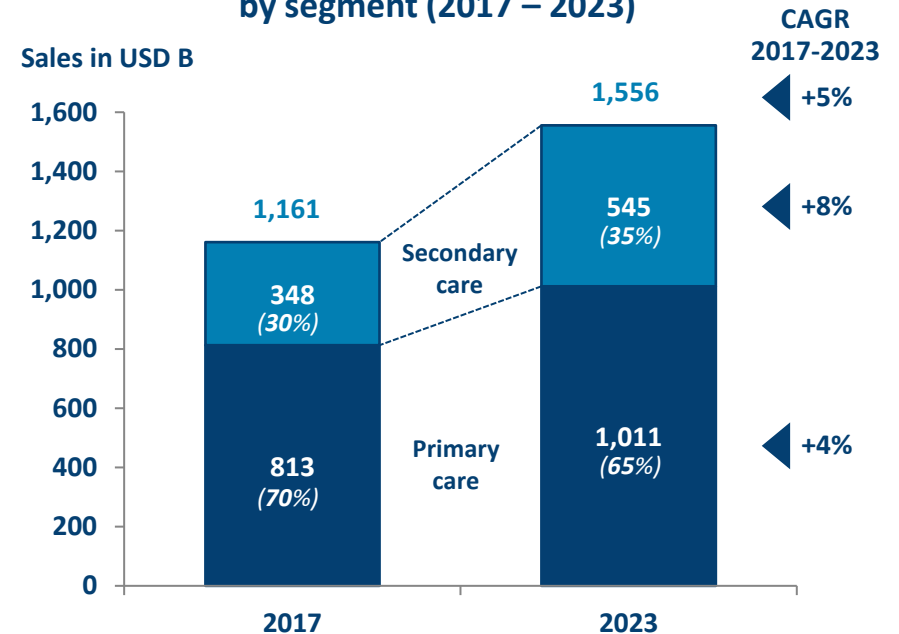
Evolution of the pharma market (1/2)

Therapeutic decision-making process evolution



Physician prescribing decisions are more and more under the influence of multiple stakeholders such as: national / regional health authorities, health insurers and payers, PAGs, etc.

Global pharmaceutical market growth by segment (2017 – 2023)



Secondary care products which are mainly prescribed<sup>2</sup> in hospital centers should grow faster than primary care products mainly initiated and prescribed by office-based physicians

Sources: IQVIA Institute (March 2018) – Global OTC Drugs Market, Mordor Intelligence (May 2018) – Smart Pharma Consulting estimates

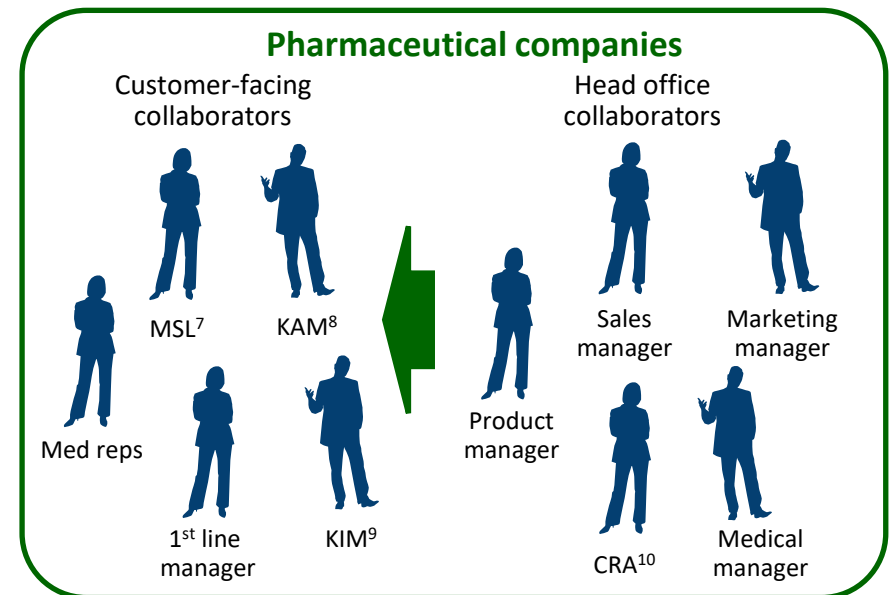
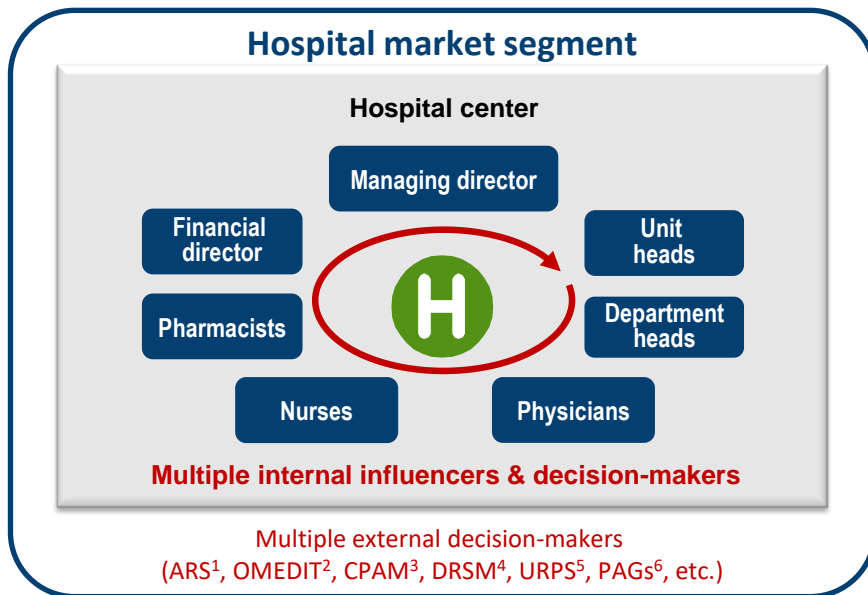
<sup>1</sup> Patient Advocacy Groups – <sup>2</sup> Secondary care products could also be initiated by hospital physicians and then renewed by office-based physicians, either specialists or GPs, depending on the treatment. In this case, the prescribing decision made by hospital physicians has a major impact on product sales

Pharma companies must adopt an efficient organization to deal with bigger accounts, more and more price-sensitive, in which decision-making processes are complexified

Key principles

Evolution of the pharma market (2/2)

Evolution of the pharma market (2/2)



- The grouping of hospital centers has led pharma companies to deal with bigger accounts benefiting from a stronger bargaining power...
- ... in a context of economic pressure, making customers more price-sensitive than ever

- Pharma companies must address two key issues:
  - Protect, as much as possible, the price of their drugs
  - Move from a B-to-C to a B-to-B business model in which the prescribing decision is made by multiple stakeholders having different views and objectives

Sources: Smart Pharma Consulting

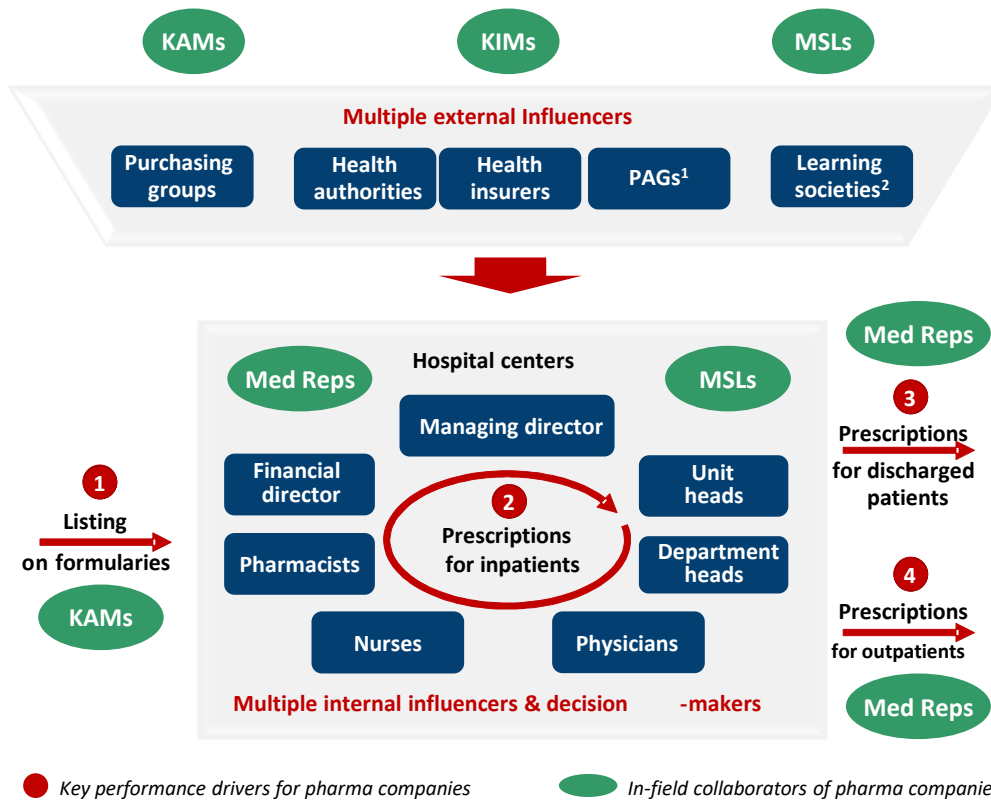
<sup>1</sup> Regional Health Agency – <sup>2</sup> Observatory of Drugs, Medical Devices and Innovation – <sup>3</sup> Primary Fund for Health Insurance – <sup>4</sup> Regional Directorate of the Medical Service – <sup>5</sup> Regional Unions of Healthcare Professionals – <sup>6</sup> Patient Advocacy Groups – <sup>7</sup> Medical Science Liaisons – <sup>8</sup> Key Account Managers – <sup>9</sup> Key Institution Managers who are in contact with regional health authorities and payers and who can propose hospital centers to participate, for instance, to a local public health initiative on a given pathology – <sup>10</sup> Clinical Research Assistant



Irrespective of the hospital center, the strategy crafted by pharma companies should have a favorable impact on one or several key performance drivers

Key principles

Strategic levers at hospital key account (1/2)



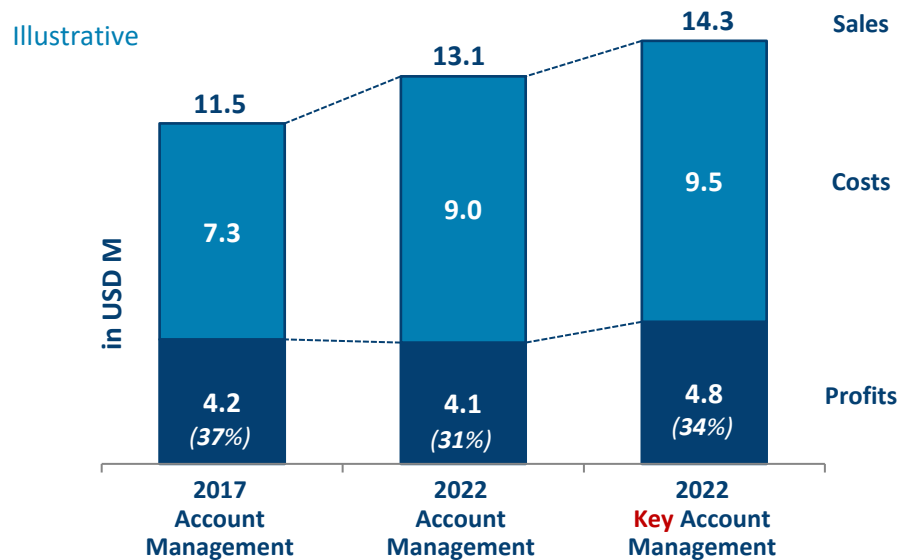
- To boost their hospital performance, pharma companies can activate several internal drivers:
  - The listing on formularies under the KAM responsibility (1)
  - The prescription for inpatients (2), discharged patients (3) and outpatients (4) under the Med Reps responsibility and the activities of MSLS
- Pharma companies may also act at the level of hospital external influencers such as:
  - National or regional purchasing groups through KAMs, along with collaborators such as: head of KAMs, commercial director
  - Health authorities, health insurers and regional branches of PAGs through KIMs
  - Regional branches of learning societies through MSLS

To get the expected return on investment from hospital key account management, pharma companies should focus on five critical success factors

Key principles

Strategic levers at hospital key account (2/2)

Expected impact from pharma company perspective



The specific management of hospital key accounts by pharma companies will generate extra costs due to the proposed services but should generate more sales, more profits and possibly higher profitability than a standard account management

Critical success factors

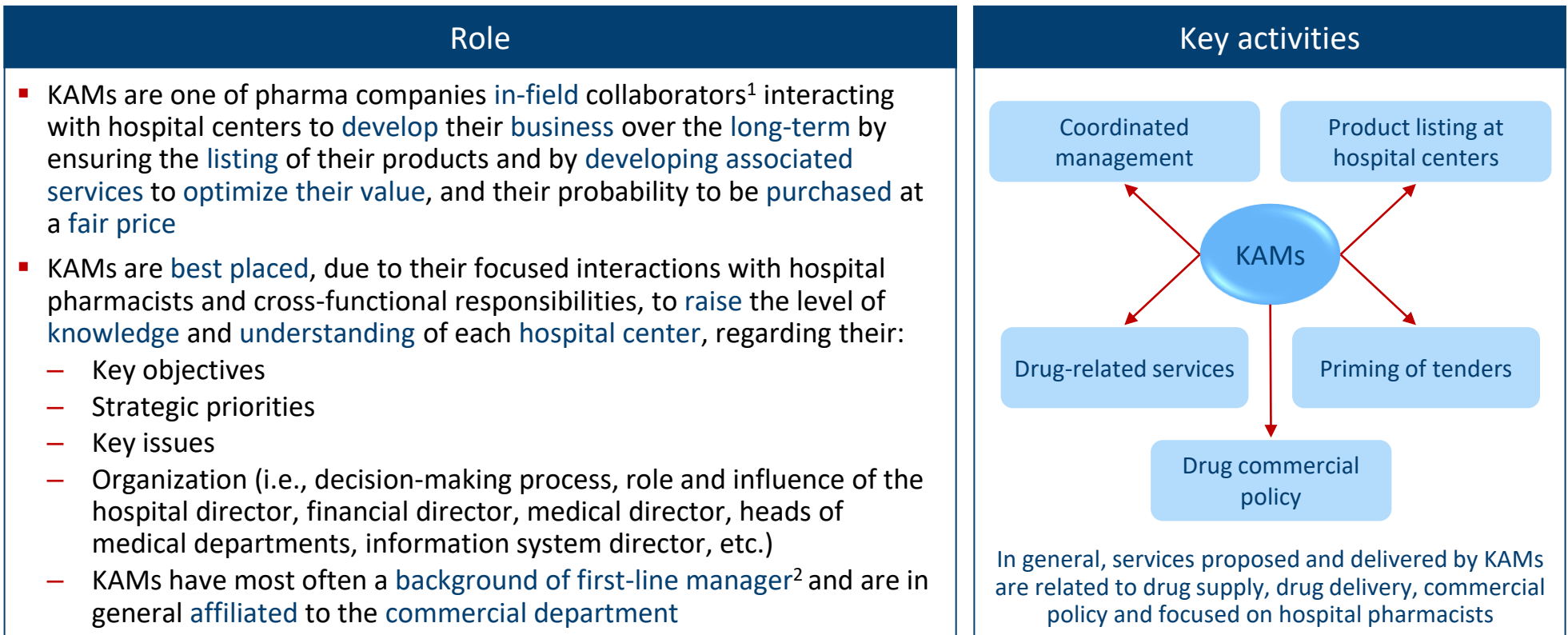
- #1: The services (solutions) proposed should be tailored to important needs / wants of the most influential stakeholders of the hospital center
- #2: The partnership should lead to tangible and long-term “win-win” outcomes for both, the hospital center and the pharma company
- #3: The services should be perfectly planned and executed, while being carefully monitored with specific KEIs<sup>1</sup> and KPIs<sup>2</sup> to deliver the expected joint value
- #4: The services should be clearly communicated by the collaborators of the pharma company and related to its product portfolio
- #5: Each hospital key account should be managed in a coordinated manner by cross-functional multidisciplinary internal and external stakeholders

## KAMs are essential to get pharma companies products listed and bought by hospital centers and to ensure the proper coordination of activities carried-out by in-field teams

### Hospital KAMs

French Survey Outcomes

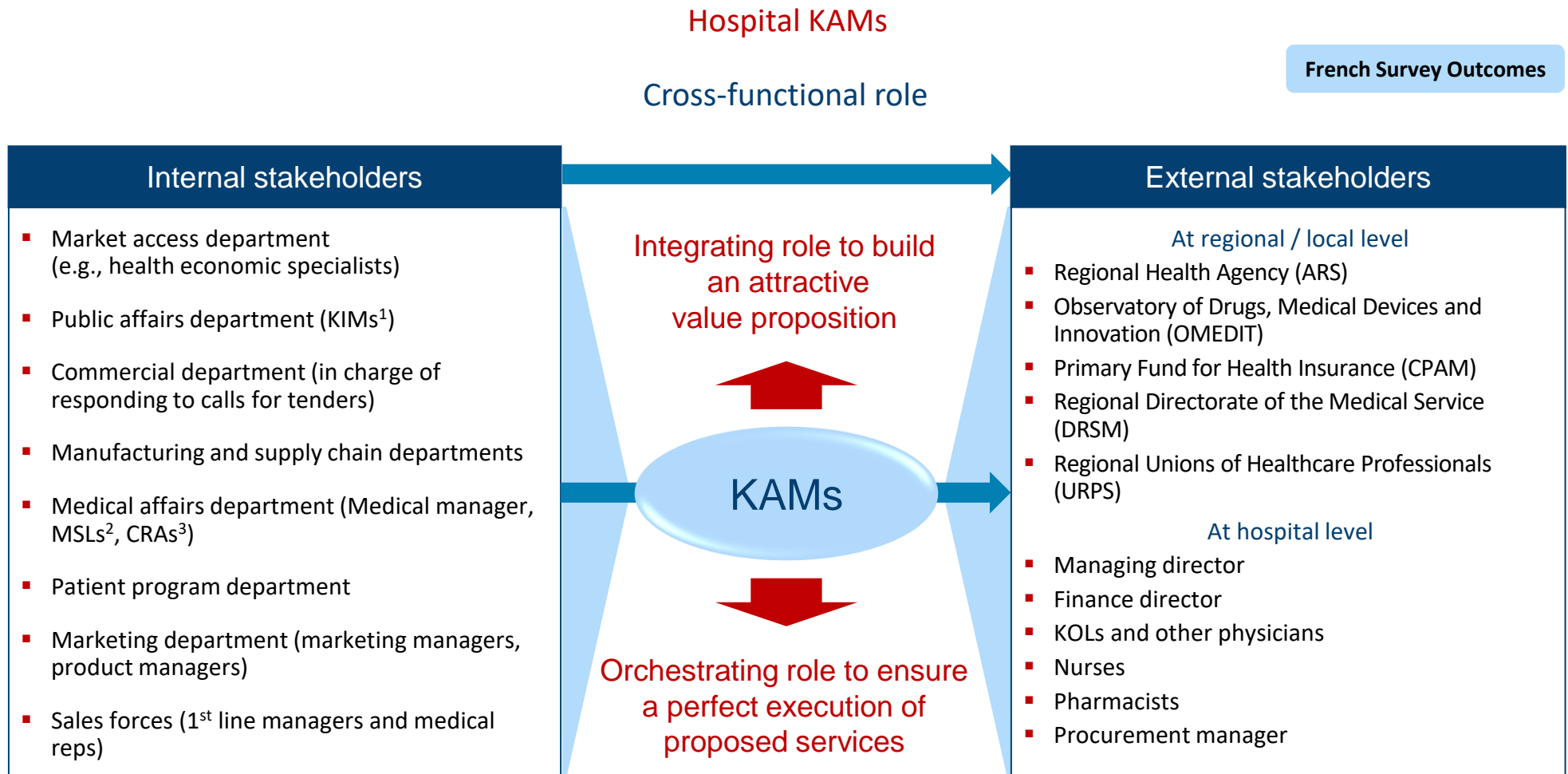
#### Role and core activities: Introduction



Sources: Smart Pharma Consulting based on a benchmarking studies carried out in 2019

<sup>1</sup> Amongst other field teams we can mention: Medical Reps, MSLs (Medical Science Liaisons), KIMs (Key Institution Managers) –<sup>2</sup> It is important to note that competent Medical Reps or 1<sup>st</sup> line Managers do not make necessarily competent KAMs. The skill set required for key account management role is much broader

The complexity of hospital KAMs role lies in the fact that they must deal with multiple internal and external stakeholders having different needs and priorities



Sources: Smart Pharma Consulting based on a benchmarking studies carried out in 2019

<sup>1</sup> Key Institution Managers in charge of relations with regional health authorities and payers and, in some pharma companies, with local / regional politicians too – <sup>2</sup> Medical Science Liaisons – <sup>3</sup> Clinical Research Assistants

## The 5 key activities carried out by hospital KAMs are very similar from one company to another one

### Hospital KAMs

#### Key activities

French Survey Outcomes

Key activities	Description
Listing	<ul style="list-style-type: none"> <li>Coordination with Med Reps and MSLS to convince prescribers, members of the hospital listing committee, to get the company products listed and to help them fill up the dossier to motivate the listing of the concerned products<sup>1</sup></li> <li>Coordination with other KAMs to deliver the same information when decision-makers, for a given call for tenders, belong to purchasing groups at national (e.g., UNI-HA), regional and local (e.g., Hospital Territory Groups) levels</li> <li>It is essential to anticipate and work upstream with these different decision makers, in a coordinated manner</li> </ul>
Tender priming	<ul style="list-style-type: none"> <li>Tender priming requires a coordinated approach led by the KAMs and based on tangible differentiating points to motivate a more favorable design of lots called for tenders</li> </ul>
Commercial policy	<ul style="list-style-type: none"> <li>The commercial policy is set with or without prior agreement<sup>2</sup></li> <li>Analysis of earlier calls for tenders provides information to potentially adjust prices for the others to come</li> <li>KAMs are also involved in negotiated contracts to set the commercial terms</li> </ul>
Drug-related services	<ul style="list-style-type: none"> <li>KAMs can propose drug-related services which can count to ~20% of the final mark in the evaluation of the bids for calls for tenders, as Corporate Social Responsibility initiatives can do (up to 10%)</li> <li>Certain companies bring their support and propose solutions to hospital centers to improve their efficiency (e.g. revision of terms of payment, conditions of supply, day care organization)</li> </ul>
Coordinated management	<ul style="list-style-type: none"> <li>To support the coordination of hospital centers and especially of key accounts, some pharma companies have developed a “key account plan” but, for compliance reasons, the KAMs, KIMs, MSLS and Med Reps sections are not shared on the same document or partially shared (e.g., Intranet with shared and non-shared sections)</li> <li>The KAM is key to raise the knowledge and understanding of hospital centers, especially if he maintains good relationships with hospitals pharmacists who, in general, have a privileged position</li> </ul>

Sources: Smart Pharma Consulting based on a benchmarking studies carried out in 2019

<sup>1</sup> The dossier includes information such as: the number of patients, the therapeutic value, the economic impact, etc. –<sup>2</sup> Depending on the pharma companies, a prior agreement may be required at affiliate or even corporate level, before offering a price to hospital centers in the case of calls for tenders or negotiated contracts

The number of KAMs per company is mainly driven by the size of the hospital-only product portfolio and to the organizational model which has been chosen

### Hospital KAMs

French Survey Outcomes

#### Organization and targeted clients

Companies	Model	FTEs <sup>2</sup>	Portfolio of hospital-only drugs	Target clients
A	Exclusive	15	Broad	Hospital pharmacists
B	Exclusive	4	Narrow	Hospital pharmacists
C	Hybrid <sup>1</sup>	12	Broad	Hospital pharmacists (to a lesser extent have an activity with ARS and OMEDITS)
D	Exclusive	9	Intermediate	Hospital pharmacists

Sources: Smart Pharma Consulting based on a benchmarking studies carried out in 2019

<sup>1</sup> Organizational model: some companies have opted for a hybrid model in which the same collaborator ensures the role of KAM and KIM (Key Institution Manager) at the same time – <sup>2</sup> Full Time Equivalent

## KAMs and departments in charge of responding to calls for tenders must collaborate closely to optimize their chances to win calls for tenders

### Hospital KAMs

French Survey Outcomes

#### Interactions with the response to calls for tender department

##### Response to calls for tender department

- Monitoring of public calls for tenders published in the Official Gazette (with the possible support of specialized agencies such as MEDImarket)
- Contact of hospitals or purchasing groups to clarify requirements specifications, if needed...
- ... or to understand why the company products have not been called, if it is the case
- Preparation of the administrative dossier
- Quantitative and qualitative analysis of the tendering results that are useful to prioritize the in-field collaborators activity and draw key learnings for the new calls for tenders to come

Average headcount: 3 to 7 collaborators, depending on the size of the product portfolio concerned by call for tenders



##### KAMs

- The KAMs will review the list of lots that are called for tenders
- They will collect qualitative and quantitative information, mainly through hospital pharmacists in charge of drugs procurement, to adjust the therapeutic and technical specificities of their products and the associated services they want to highlight
- They are responsible for setting the commercial policy, with a degree of autonomy which is very different from one company to another<sup>1</sup>
- Based on the analysis of the information collected by the response to calls for tender department and by them, they may revise their price for the new calls for tenders to come

Sources: Smart Pharma Consulting based on a benchmarking studies carried out in 2019

<sup>1</sup> In one specific company, the KAM requires the prior agreement of the corporate commercial department. Another company has set up a validation committee at affiliate level

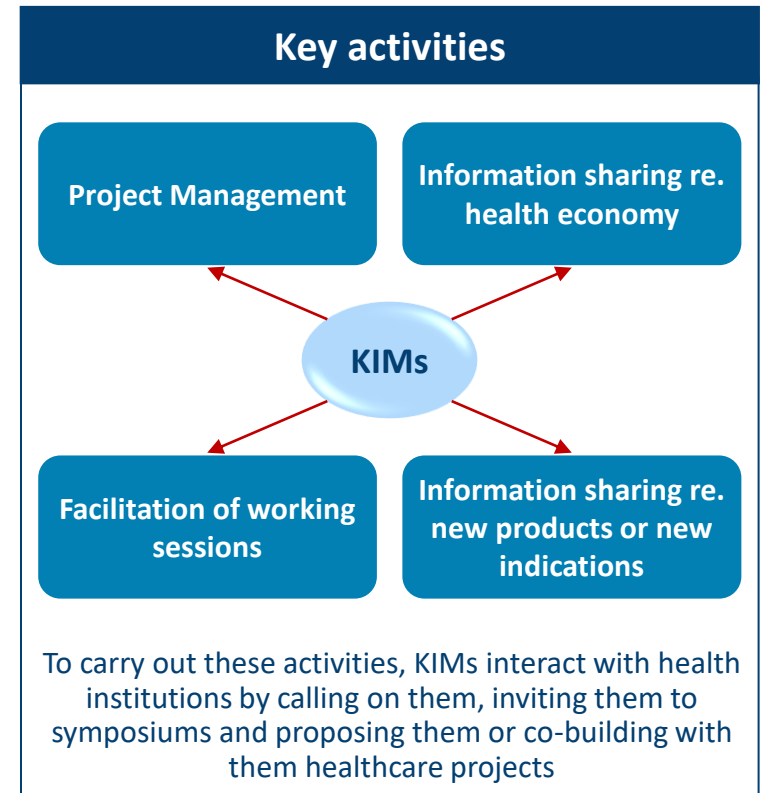
**Regional Key Institution Managers role is focused at ARS<sup>1</sup>, OMEDIT<sup>2</sup>, CPAM<sup>3</sup>, DRSM<sup>4</sup>, URPS<sup>5</sup> who can have an influence on hospital centers decisions related to drugs**

**Regional KIMs**

**Role and key activities**

French Survey Outcomes

Role
<ul style="list-style-type: none"> <li>▪ The KIMs role is to <b>interact with regional/local health institutions</b> (e.g., ARS, OMEDIT, CPAM, DRSM, URPS) and for certain companies with local politicians (e.g., Members of Parliament, Senators, Mayors) to <b>optimize the conditions of use of the key products</b> marketed by the pharma company they work for</li> <li>▪ Thus, KIMs do not promote products</li> <li>▪ KIMs may also be responsible for <b>improving the reputation</b> of their company by carrying out various initiatives that are likely to have a positive impact on public health at a regional/local level</li> <li>▪ KIMs may have <b>different backgrounds</b> (e.g., marketing, sales, market access) and are <b>affiliated</b>, in general, either to the <b>commercial department</b> or the <b>market access department</b></li> <li>▪ They need to have a <b>solid knowledge and understanding</b> of the <b>healthcare system</b> at national, regional and local levels</li> <li>▪ They must be able to <b>manage projects</b></li> </ul>



Sources: Smart Pharma Consulting based on a benchmarking studies carried out in 2019

<sup>1</sup> Regional Health Agency – <sup>2</sup> Observatory of Drugs, Medical Devices and Innovation – <sup>3</sup> Primary Fund for Health Insurance – <sup>4</sup> Regional Directorate of the Medical Service – <sup>5</sup> Regional Unions of Healthcare Professionals



KIMs activities consist in sharing information to raise the interest of institutions about their company portfolio, the disease they address and in managing healthcare projects

### Regional KIMs

French Survey Outcomes

#### Model – staffing – key activities and target clients

Companies	Model	FTEs <sup>2</sup>	Key activities	Target clients
A	Exclusive	5	Information sharing re. the evolution of the product “pipeline” of the company and the new coming indications for existing products	OMEDITs – ARS – Regional buying groups – Hospitals
B	Exclusive	4	Calls and meeting during regional events	OMEDITs – Hospitals (pharmacists and sometimes hospital directors)
C	Hybrid <sup>1</sup>	12	Complex project management in regions as a KIM ( <i>and hospital interaction management as a KAM</i> )	OMEDITs – URPS – ARS – Hospitals
E	Exclusive	3	Project management (e.g., support to the development of a telemedicine program)	Specialist physicians – OMEDITs – URPS
F	Exclusive	3	Expertise sharing re. patient care, public health, disease / risk factors prevention (e.g., vaccination campaigns, smoking)	In-field collaborators (i.e., Med Reps, MSLs) who implement the projects at regional/local level
G	Hybrid <sup>1</sup>	5	Health economic projects or information sharing as a KIM ( <i>hospital interaction management as a KAM</i> )	OMEDITs – DIM <sup>3</sup> – ARS

Sources: Smart Pharma Consulting based on a benchmarking studies carried out in 2019

<sup>1</sup> Organizational model: some companies have opted for a hybrid model in which the same collaborator ensures the role of KIM and KAM at the same time – <sup>2</sup> Full Time Equivalent – <sup>3</sup> Information System Director at hospital level

Regional institutions are little inclined to interact or collaborate with pharma companies, unless they propose and contribute to a public healthcare project of interest to them

### Regional KIMs

French Survey Outcomes

#### Mutual expectations between KIMs and targeted clients

Target clients	Importance L – M – H*	Accessibility L – M – H*	Expectations of targeted clients from pharma companies	Expectations of pharma companies from targeted clients
OMEDIT <sup>1</sup>	H	M	<ul style="list-style-type: none"> <li>Information sharing regarding products marketed by the companies, especially for new products or new indications of products yet marketed</li> </ul>	<ul style="list-style-type: none"> <li>Getting an opinion / advice before implementing a project to evaluate the benefit of a drug or a therapeutic strategy at the regional level</li> <li>Facilitation of early access for innovative drugs (e.g. screening of patients with biomarkers)</li> </ul>
CPAM <sup>2</sup>	M	L	<ul style="list-style-type: none"> <li>No expectations</li> <li>CPAM distrust pharma companies and therefore do not want to interact with their collaborators</li> </ul>	<ul style="list-style-type: none"> <li>To have the possibility to inform the CPAM re. new indications, prices, etc. for a product to avoid them to convey erroneous information to physicians that could negatively impact its performance</li> </ul>
DRSM <sup>3</sup>	M	L	<ul style="list-style-type: none"> <li>No expectations because they distrust pharma companies</li> </ul>	<ul style="list-style-type: none"> <li>To have the possibility to meet them to address specific problems about products indications, use, etc.</li> </ul>
URPS <sup>4</sup>	M	M	<ul style="list-style-type: none"> <li>Provide an organizational and a financial support to carry out trainings, screening campaigns at regional level</li> </ul>	<ul style="list-style-type: none"> <li>URPS are a useful relay to inform and mobilize their members to participate to healthcare projects (e.g. screening campaigns, initiatives to improve adherence of patients to treatments)</li> </ul>
ARS <sup>5</sup>	M	L	<ul style="list-style-type: none"> <li>Limited or no contact, because they do not want to collaborate with pharma companies or because the latter are not a priority for them</li> </ul>	<ul style="list-style-type: none"> <li>To set up healthcare projects and get their approval</li> <li>Convince ARS to allocate specific resources (financial and/or human) for a better management of the diseases for which the company products are indicated</li> </ul>

\* L: low – M: medium – H: high

Depending on the project, regional KIMs can propose a scientific, logistics or financial support to public healthcare projects or projects to improve the proper use of drugs

Regional KIMs

French Survey Outcomes

Examples of projects carried out with regional institutions

Project #1: The Immunization Day

Project #2: Drug Fact Sheet

Objectives

- Scientific support
- Logistics support
- Formatting of messages

- Writing of a drug fact sheet for a new product...
- ... while transitioning from the ATU (Temporary Use Authorization) status to the post-ATU one
- Set up of working groups in regions

Partners

- ARS
- CPAM

- OMEDIT

Duration

- 1 month

- 2 months

Conclusion

- Impact on medical practices: raise the awareness re. the pharmaceutical conciliation<sup>1</sup> especially during the patient transition from hospital to ambulatory care
- Publication of the results

- This drug fact sheet has shown to be useful specially to inform the pharmacists...
- ... and thus, to guarantee the proper and safe use of this new drug

Sources: Smart Pharma Consulting based on a benchmarking studies carried out in 2019

<sup>1</sup> Information sharing amongst healthcare professional regarding a given patient to avoid errors while prescribing and/or dispensing drugs to patients

These two projects show the ability of pharma companies to bring together diverse expertise to produce recommendations or carry out pilot projects related to healthcare

### Regional KIMs

French Survey Outcomes

### Examples of projects carried out with regional institutions

#### Project #3: Innovation in Oncology

#### Project #4: AMD<sup>1</sup> Screening in Region

#### Objectives

- Multi-disciplinary experts (oncologists, surgeons, pharmacists, PAGs, economists, lawyers, pharma companies, etc.) have written a manifesto with 30 propositions to favor innovation in the oncology field

- Screening of AMD in the Northern region of France (Hauts-de-France)

#### Partners

- 113 experts

- CPAM
- Healthcare network
- URPS of pharmacists
- Teaching hospital

#### Duration

- 2 years

- 4 weeks

#### Conclusion

- Increase awareness regarding key topics such as: delays in access to innovation, methods to evaluate innovation, real-world data processing
- This manifesto has been handed over by KIMs while meeting healthcare institutions in regions

- Out of the 1,200 patients diagnosed, 250 had a stage 1 AMD and 12 have been treated, urgently
- The ARS agreed to deploy this project across the region, but without the support of the pharma company

## Projects managed by regional KIMs may (should) contribute to raise the value of the response to the calls for tenders, as illustrated in this example

### Regional KIMs

French Survey Outcomes

#### Examples of projects carried out with regional institutions

#### Project #5: Hospital Day Care Management

##### Objectives

- Measurement of time spent by patient
- Search of solutions to reduce the cost of hospital day care against diagnosed-related groups (DRG)
- Methodological contribution to the hospital center

##### Institutions

- **Hospital centers**

##### Duration

- 3 to 6 months (delay due to the time required to get the agreement from the hospital director)

##### Conclusion

- This has enabled hospital centers to improve their efficiency while managing drug perfusion to patients
- This service has been highlighted in the responses to calls for tenders

The services proposed must offer tangible benefits to the targeted customer and to the pharma company by improving access and usage of its products

### Hospital KAMs & Regional KIMs

#### Examples of services for hospital centers and regional institutions

Co-creation of a specific **program** to increase the **number of referred patients**, leading to more activity for the hospital center, more drug prescriptions for the pharma company and more income for both

Co-development of a **patient registry** and offering of a **technical support** to collect and analyze data to help the hospital center increase medical outcomes in a specific disease covered by the pharma company

Creation and funding of a **support program** to **improve the adherence** of patients to their treatment in exchange of a preferred supplier status on the hospital drug formulary

Design and implementation of a specific **process to reduce** the **distribution** and **inventory costs** for both, the hospital center and the pharma company

Help the key account **re-engineer** the **journey** of **hospitalized patients** to reduce the duration of their stay and the time allocated by the HCPs to look after them

## From the pharma company perspective, the value of the proposed services should be translated into higher product sales and associated profits

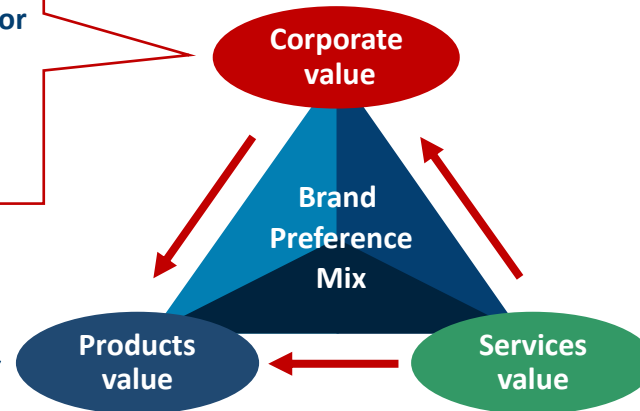
### Hospital KAMs & Regional KIMs

#### Impact of services on pharma company performance

The ultimate objective of services proposed to hospital centers or regional institutions is to fulfill their highly valued needs to enhance – directly or indirectly – their preference for the products marketed by the pharma company

- KAMs and KIMs should **communicate once or twice a year information about their company** (e.g., R&D news, CSR<sup>1</sup> initiatives, specific services delivered, etc.) to hospital stakeholders and regional institutions

- The direct or indirect<sup>2</sup> **impact of services** on products will be **objectivized** by the **positive evolution** of their **performance drivers in hospital centers**:
  1. Listing on formularies
  2. Prescription for inpatients
  3. Prescription for discharged patients
  4. Prescription for outpatients



- The **perceived value** of the proposed **services** by KAMs and/or KIMs at hospital center level will **depend on** their **ability** to:
  - Reduce hospital costs
  - Improve operational management
  - Improve medical management...
- ... and on their **quality of execution**:
  - Planning
  - Execution *per se*
  - Monitoring
- These services should have a **positive impact** on **corporate reputation** and **products perception** of the pharma company

The activities of in-field collaborators interacting with the same hospital center should be integrated in a single key account management plan, including separated sections

## Hospital KAMs & Regional KIMs

### Integrated Key Account Management Plan

#### MSL Section

- **Key clients:** KOLs
- **Key objectives:** build strong and sustainable relationships to develop advocacy at hospital level and beyond
- **Key activities:** interactions with KOLs, scientific lectures at congresses, symposia, staff meetings, support of research clinical trials, training of speakers and collaborators from marketing and sales teams, competitive intelligence initiatives, etc.



#### Marketing & Medical Rep Section

- **Key clients:** physicians and pharmacists
- **Key objectives:** increase prescriptions
- **Key activities:**
  - **Marketers:** brand preference strategy crafting leveraging products attributes, perceived quality of associated services and corporate reputation
  - **Medical reps:** calls, invitations to medical meetings and congresses and other services to boost preference

#### KAM Section

- **Key clients:** hospital pharmacists, purchase managers, director
- **Key objectives:** facilitate the hospital listing of drugs and maximize the chances to win the calls for tenders and get a fair price when products are bought through negotiated contracts
- **Key activities:** develop close relationships with hospital pharmacists, prime calls for tenders, highlight the value of the products and of their associated services regarding drug supply and management, negotiate payment terms, coordinate MSLs, Med Reps and KIMs activities per key account

#### KIM Section

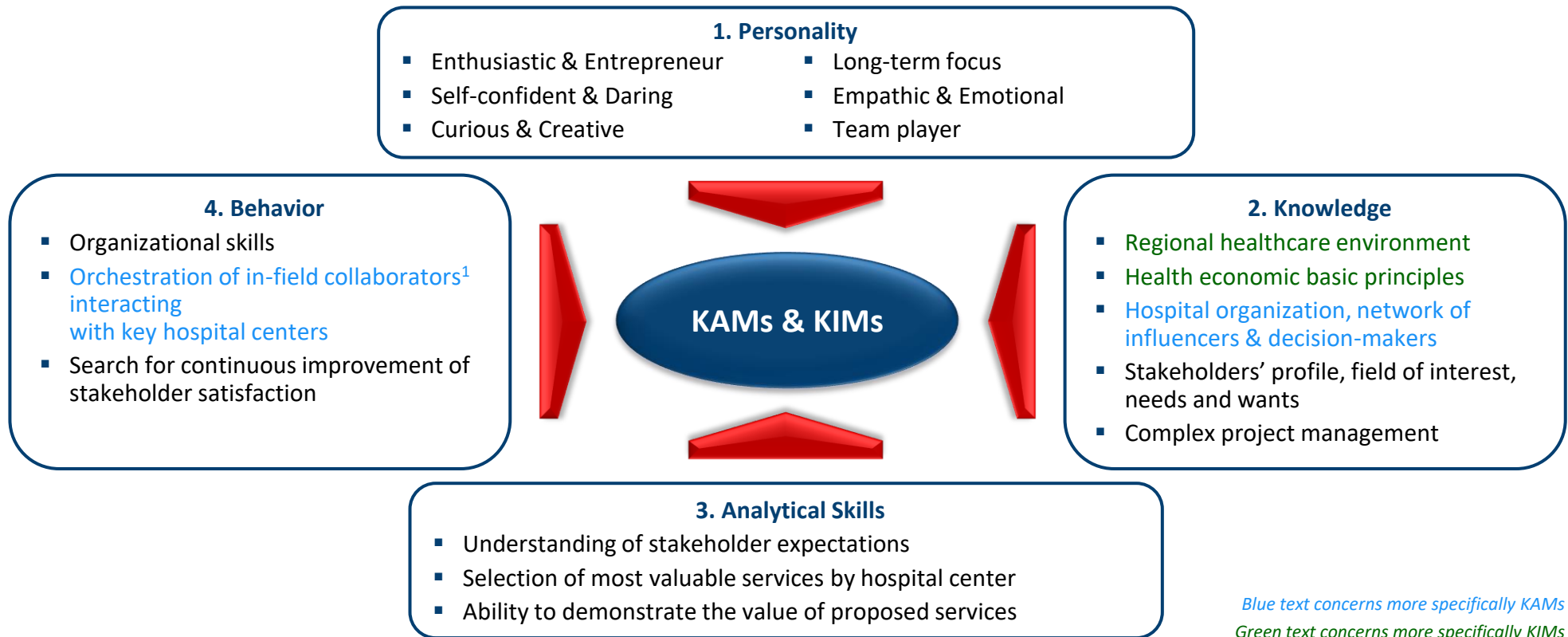
- **Key clients:** health authorities<sup>1</sup>, payers<sup>1</sup>, hospital directors, regional and local politicians, PAGs
- **Key objectives:** create the conditions to grow the therapeutic areas covered by the company products, ensure their proper use and participate to strengthen the company reputation at regional level
- **Key activities:** share relevant health economic information, new indications, new products information, propose specific projects (e.g., medico-economic studies to increase the access to the products, patient support programs to improve adherence to treatments, etc.)



# KAMs and KIMs must have an in-depth understanding of hospital centers and of regional healthcare environment and be able to build trusted relationships

## Hospital KAMs & Regional KIMs

### Profile & competences of “best-in-class” hospital KAMs & KIMs



The performance and activities of KAMs and KIMs are evaluated with the help of KPIs and KEIs respectively, as indicated by interviewed senior executives

### Hospital KAMs & Regional KIMs

#### KPIs & KEIs<sup>1</sup>

##### Key Performance Indicators (KPIs)

- **Hospital Listing** (Yes / No)
- **Calls for tenders** (Won / Lost)
- **Average price level** (actual vs. budgeted)
- **Sales performance** (Units sold per month per hospital center)
- **Savings due to optimized management of products whose patent has expired**
- **Customer preference survey** (Brand Preference Mix<sup>1</sup>)
- **Reputation assessment survey** (Pharma Reputation Index<sup>1</sup>)

##### Key Execution Indicators (KEIs)

- **Number of contacts** (F/F. phone, e-mails)
- **Activity planning** (e.g., quality of tendering planning)
- **Quality of execution of the action plan** (e.g., % of applications sent on time for calls for tenders)
- **Project management** (compliance with project deadlines, satisfaction of targeted customers re. the project development and execution)
- **Coordination of the in-field team members activity per hospital center** (e.g., frequency and quality of interactions, relevance of joint-activities, respect of compliance rules)

*Blue text concerns more specifically KAMs*

Irrespective of their competence, KAMs and KIMs should dramatically improve their performance if they implement our recommendations in a rigorous and systematic way

## Hospital KAMs & Regional KIMs

### Recommendations

#### Objective

- Hospital KAMs and regional KIMs **priority** is to contribute to raise **preference** of stakeholders **for their product** portfolio

#### Strategy

- **Hospital KAM** job should be to obtain the **listing** of company products at hospital centers, contribute to get **purchased** at a **fair price** by **highlighting** the competitive **advantages** of **products** and “offering” **associated services** re. supply
- **Regional KIM** job should be focused **at contributing to public health initiatives** (e.g., screening, adherence programs) re. diseases covered by the company products, **at ensuring corporate communication** (e.g., pipeline, healthcare services, CSR projects) **to improve** the **reputation** of the **company** and **at raising** the **value** of the **products** by **sharing** or **generating** health **economic data** at regional and/or hospital level(s)

#### Organization

- **Hospital KAM** and **regional KIM jobs** should **ideally be combined** to get a **greater flexibility** in terms of resource allocation and to increase synergy
- The following **skills** should be strongly developed:
  - **Strategic vision** to help, for instance, hospital general managers or hospital directors meet their objectives
  - **Soft skills** (e.g., interpersonal skills, problem solving, adaptability, teamwork, creativity)
  - **Technical knowledge** (e.g., healthcare system and hospital management, diseases, products, health economics)
  - **Management knowledge** to carry out projects and coordinate multi-disciplinary teams

# Best-in-class Field Force Organization

————— BEST-IN-CLASS SERIES —————

The Smart Field Force  
Framework

## The Pharma Field Force Organization relates to the way the in-field collaborators who meet customers should work and be organized to be effective and efficient

### Introduction: Working definitions

#### Pharma Field Force

Are the people of a pharma company who work in the “field” to contribute – directly or indirectly – to generate sales

#### Pharma Field Force People

May Include: medical reps, pharma reps, MSLs<sup>1</sup>, KAMs<sup>2</sup>, KIM<sup>3</sup>, regional market access managers, area managers<sup>4</sup>



#### Field Force Organization

Is based on 4 key pillars:

- Activities
- Structure
- Processes
- Culture

#### Field Force Reorganization

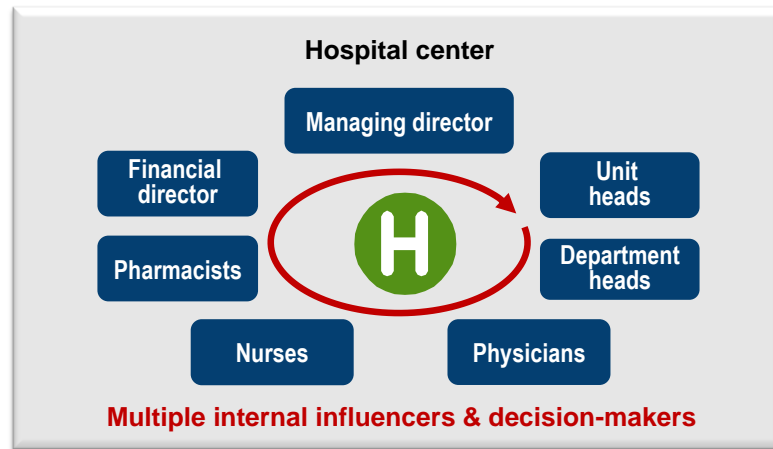
Consists in readjusting people activities, structure, processes and culture to boost the efficacy and efficiency of the company

*“A successful Field Force Organization is the one which supports effectively and efficiently the strategy”*

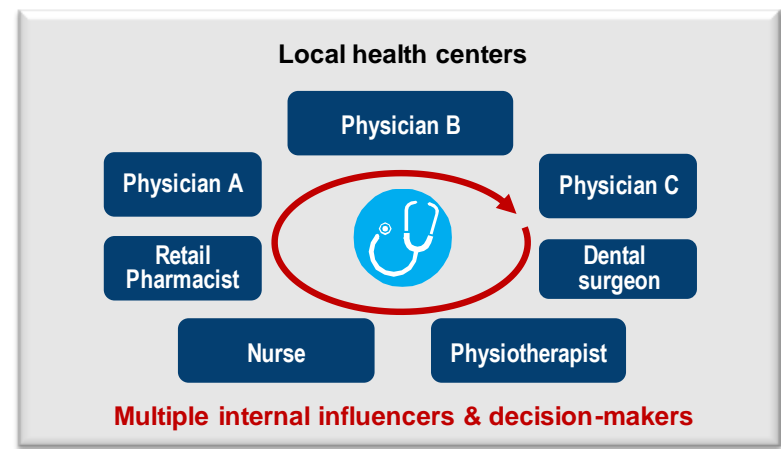
**Field Force Teams access to customers has become more difficult due to lack of time and interest, and influencing them more complex due to multiple decision-makers**

**Introduction: Pharma Environment Mega-trends**

**Hospital market segment**



**Open care market segment**



- The access to HCPs and other customers by the Field Force Teams is more and more controlled, if not forbidden
- Within hospital centers, physician prescribing decisions are more and more made in concertation, following protocols, and through the influence and pressure of various stakeholders, incl. payers, regional health authorities, etc.
- Hospital centers are also regrouping themselves which increases their business importance and bargaining power

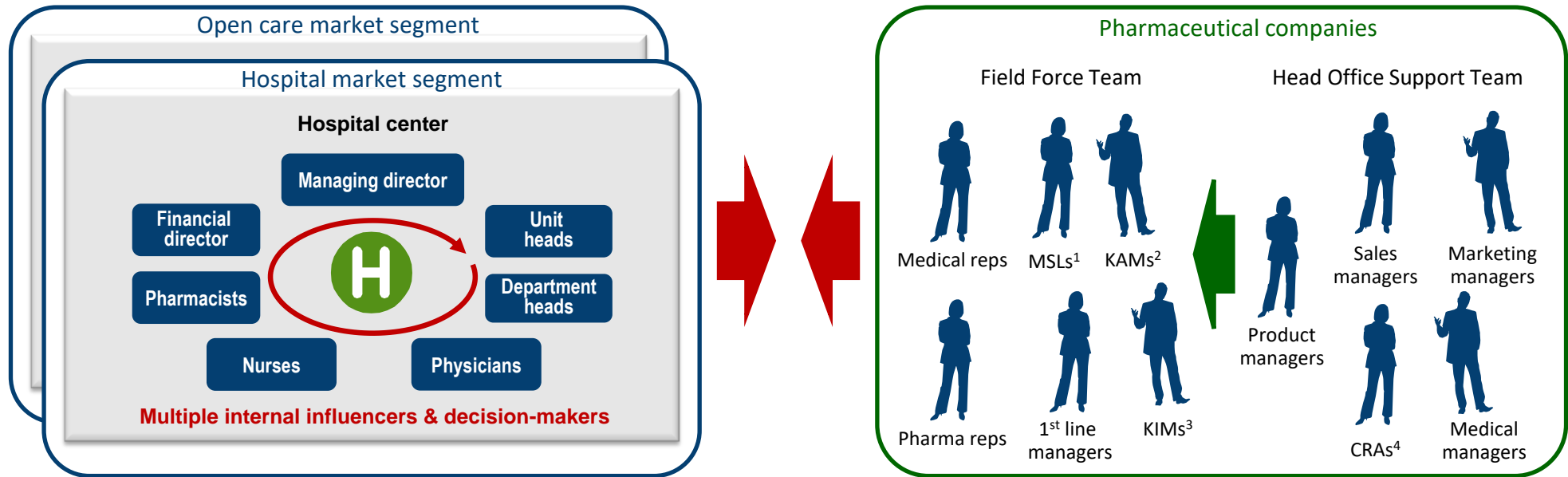
- Access to HCPs on the open care market segment has become a major issue for Field Force Teams
- More and more office-based physicians work in group practice for better efficiency and practicality
- Their prescribing behavior is more and more under the influence of health authorities, payers or other HCPs
- The increasing concentration of retail pharmacies<sup>1</sup>, has an impact on their interactions with Field Force Teams

Sources: Smart Pharma Consulting

<sup>1</sup> Regrouped in chains or VTOs (Voluntary Trade Organizations) adopting purchasing behaviors similar to those observed in the FMCG (Fast-Moving Consumer Goods) sector, with an increasing pressure to get better prices and services

## Pharma companies must rethink their Field Force Team organization to secure their access to customers and manage to get their products preferred

### Introduction: Impact of Pharma Environment on Field Force Teams



- The grouping of hospital centers and office-based physicians have led pharma companies to deal with bigger accounts benefiting from a stronger bargaining power...
- ... in a context of economic pressure, making customers more price-sensitive than ever

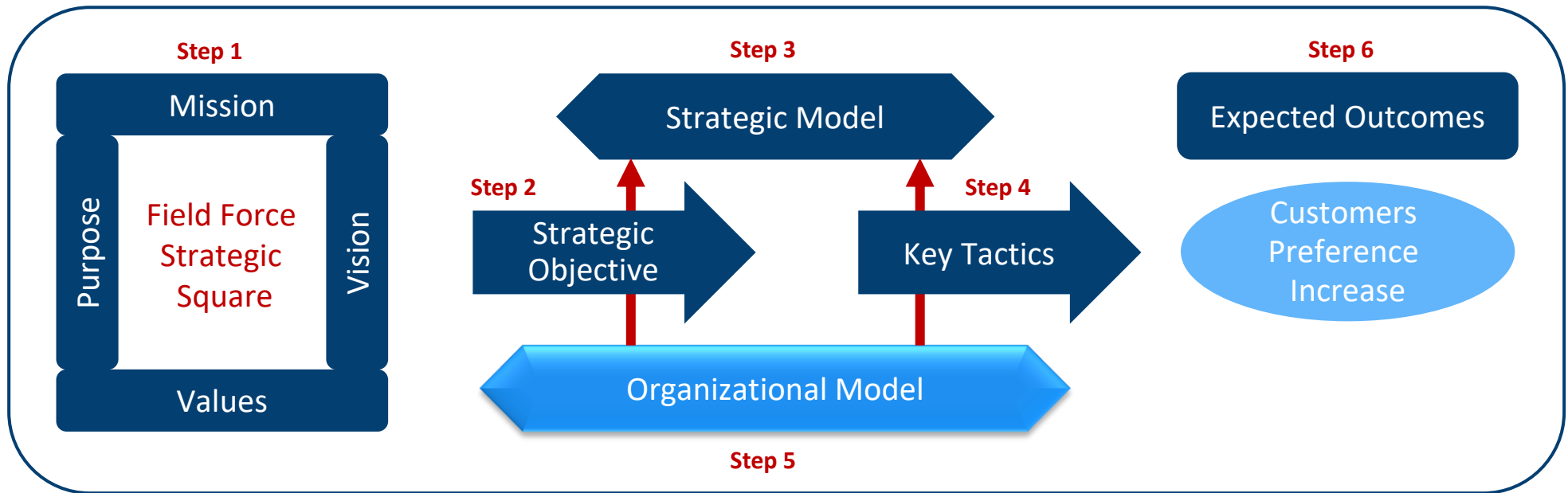
- Pharma companies have to address two key issues:
  - To protect, as much as possible, the price of their drugs
  - To move from a B-to-C to a B-to-B business model in which the prescribing decision is made by multiple stakeholders having different views and objectives

Sources: Smart Pharma Consulting

<sup>1</sup> Medical Science Liaisons – <sup>2</sup> Key Account Managers – <sup>3</sup> Key Institution Managers who are in contact with regional health authorities and payers and who can propose hospital centers to participate, for instance, to a local public health initiative on a given pathology – <sup>4</sup> Clinical Research Assistants

The Smart Field Force Framework will help pharma companies design the best organizational model to support the right strategy and tactics

**Methodology:** Smart Field Force Framework

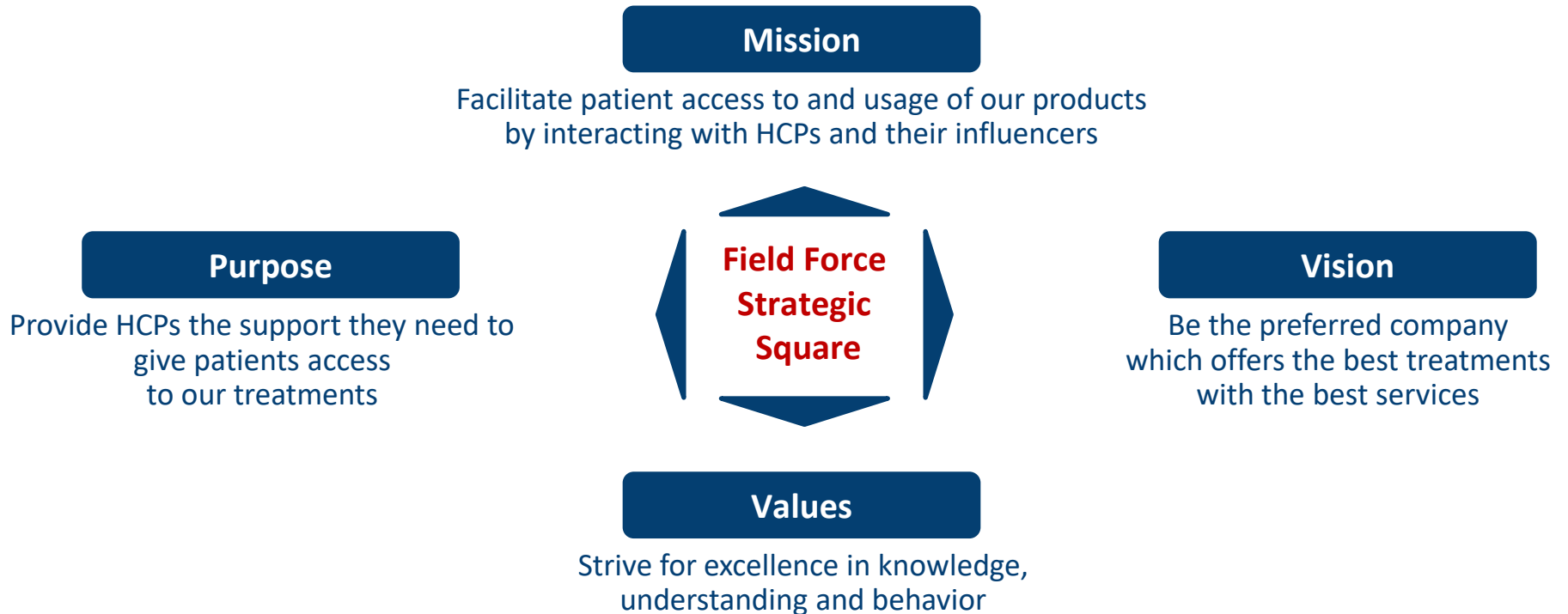


- The Smart Field Force Framework, developed by Smart Pharma Consulting, should enable pharma companies to align their “Strategic Square” to their strategic objective and then craft the best strategy and the corresponding tactics to meet this objective
- The organizational model will be designed accordingly to support effectively and efficiently the strategy and the tactics



Once the purpose, mission, vision and values have been set and shared, the Field Force should contribute to create the highest value for customers

### Step 1: Strategic Square



- *Purpose: Why do we exist?*
- *Mission: What do we do and for whom?*

- *Vision: What do we aspire to become?*
- *Values: What do we believe in and how do we behave?*

## The optimal design of a Field Force organization should start with an in-depth analysis of the evolution of the competitive landscape and of the company assets

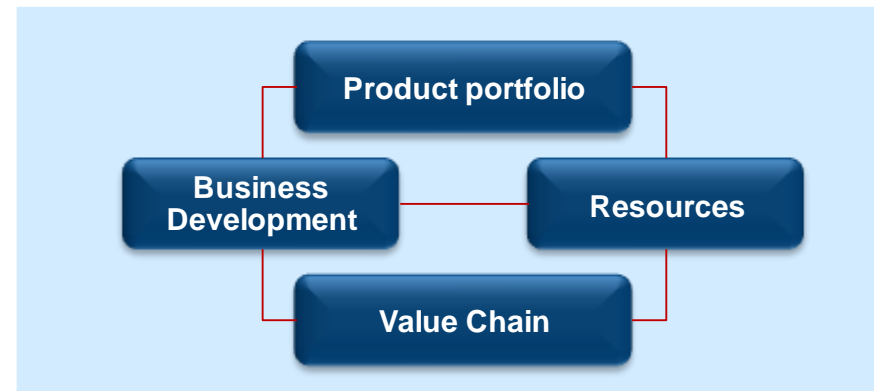
### Step 2: Strategic Objective – Situation & Trends Analysis

#### Competitive Landscape Analysis



- The target Field Force organization will depend on the competitive landscape which can be analyzed with the 7Ps method<sup>1</sup> which, stakeholder by stakeholder, defines:
  - Behavioral trends (What?)
  - Driving forces (Why?)
  - Implications (so What?)
  - Strategic priorities (What to do?)

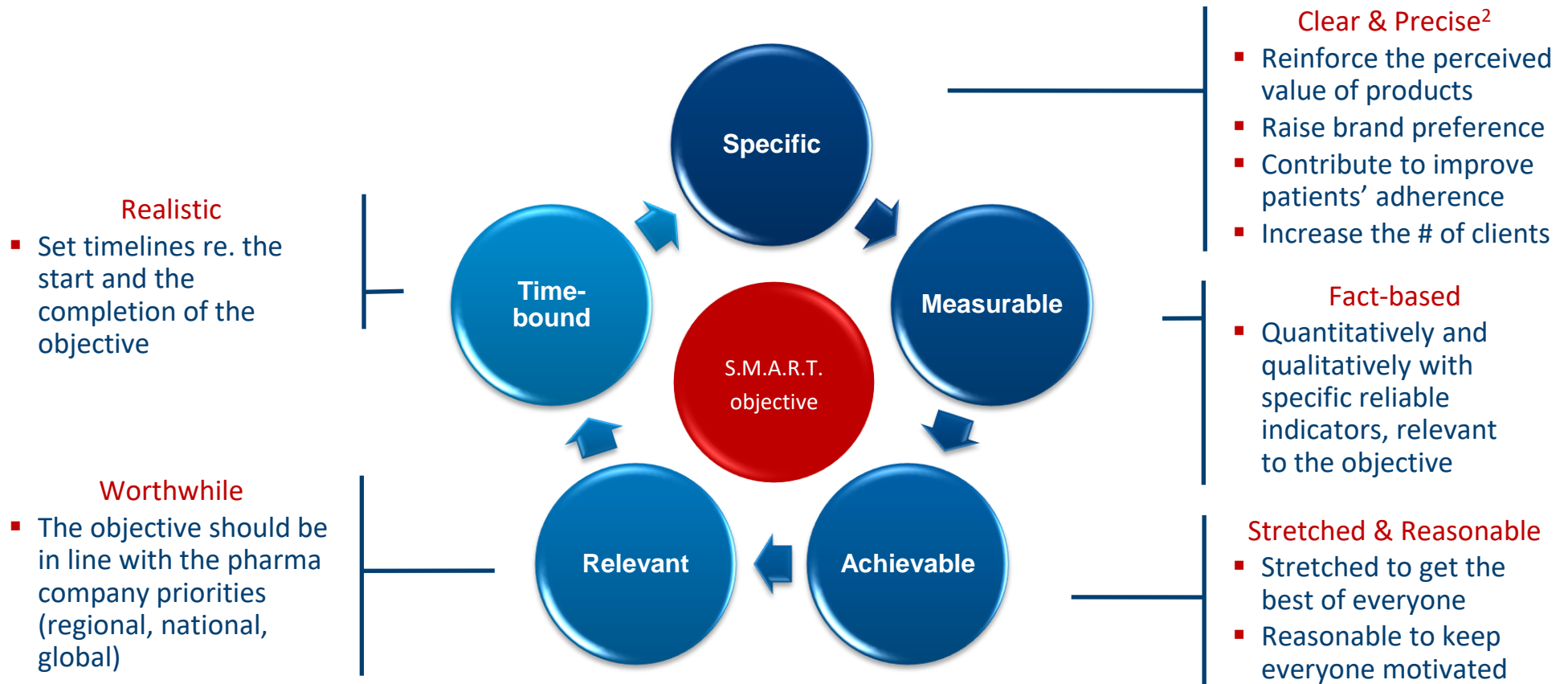
#### Company Assets Assessment



- To define a target organization, the company assets should also be assessed:
  - The current and future product portfolios
  - The tangible<sup>2</sup> and intangible<sup>3</sup> resources
  - The components of the value chain, including the support functions
  - The business development initiatives going on

The strategic objective should be set according to the S.M.A.R.T. rule, well-explained and understood by all members of the Field Force<sup>1</sup> to maximize their adherence to it

**Step 2: Strategic Objective – Objective Setting**



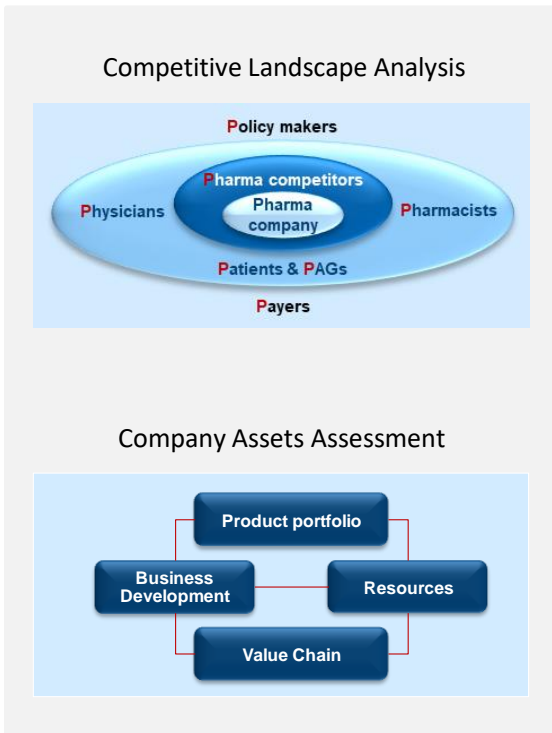
Sources: Smart Pharma Consulting

<sup>1</sup> Irrespective of their function –<sup>2</sup> Illustrative examples

The strategy should be crafted according to the analyzed situation and trends, and the strategic objective set, prior to the design of the Field Force organization

**Step 3: Strategic Model – Strategy Crafting**

**1. Situation & Trends Analysis**



**2. Strategic Objective**

**3. Strategy Crafting**



**4. Organization Design**

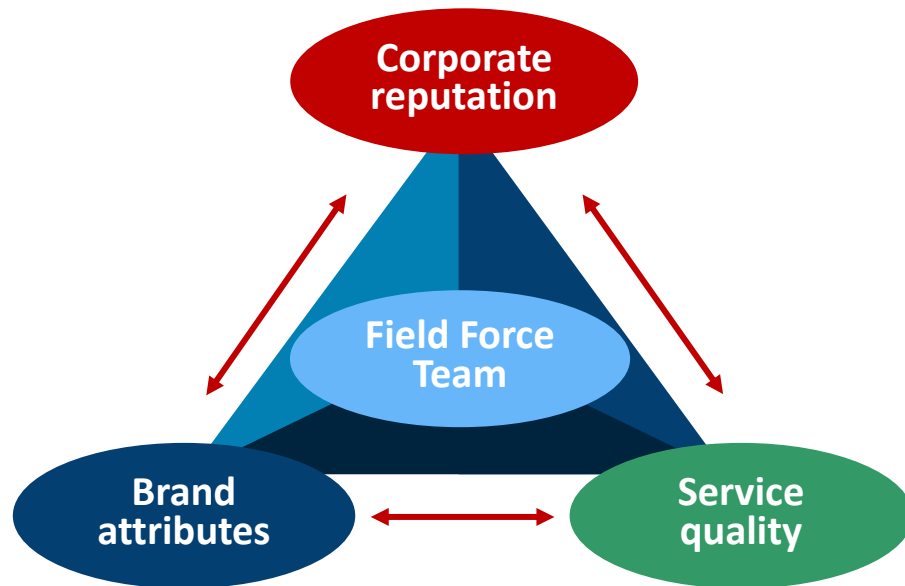


Sources: Smart Pharma Consulting

<sup>1</sup> See Smart Pharma Consulting position paper "Best-in-Class Pharma Strategy" published in March 2018

The utmost strategic priority of the Field Force Team is to strive to strengthen the preference of their customers for the products marketed by their company

**Step 3: Strategic Model – The Brand Preference Mix (BPM)<sup>1</sup>**



*“The Brand Preference Mix concept is a powerful means to enhance customer preference to marketed brands”*

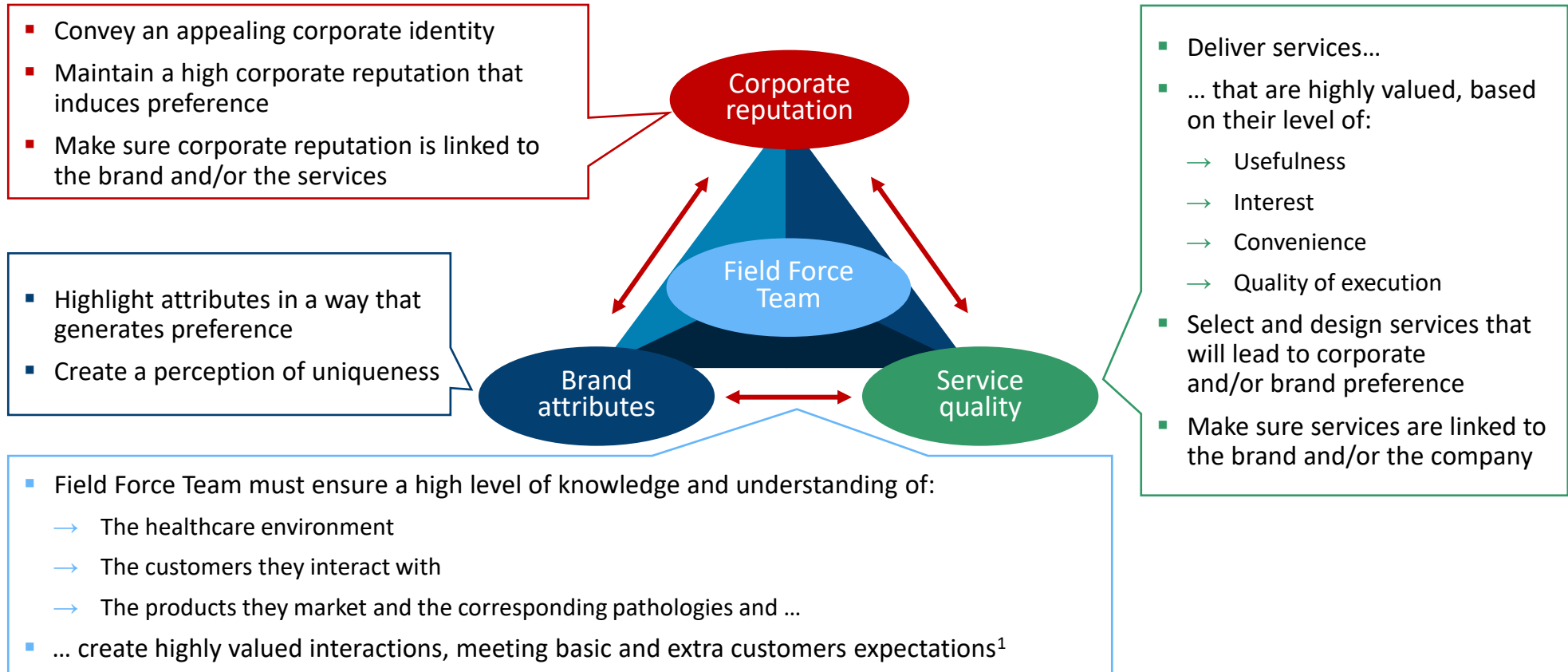
- **Preference** is the **most relevant concept** – far better than satisfaction – to **boost market share** growth, and thus the performance of pharma companies
- To raise customers’ preference for their products, pharma companies can act on three components:
  - **Corporate** reputation
  - The perceived quality of proposed **services**
  - The perceived **benefits** of **brand attributes**
- These three components should **be strongly linked** between themselves by customers
- **Field Force Teams** play an **important role** to **leverage** these three **components**

Source: “Building prescriber loyalty”, J.-M. Peny et al., SCRIIP Magazine, September 1993 – Smart Pharma Consulting

<sup>1</sup> See Smart Pharma Consulting position paper “Best-in-Class Medical Reps” published in April 2017 and “Best-in-Class Pharma Marketers” published in March 2017

## To boost the preference of physicians for their marketed brands, Pharma Marketers can leverage the three components of their Brand Preference Mix (BPM)

### Step 3: Strategic Model – Activation of BPM levers

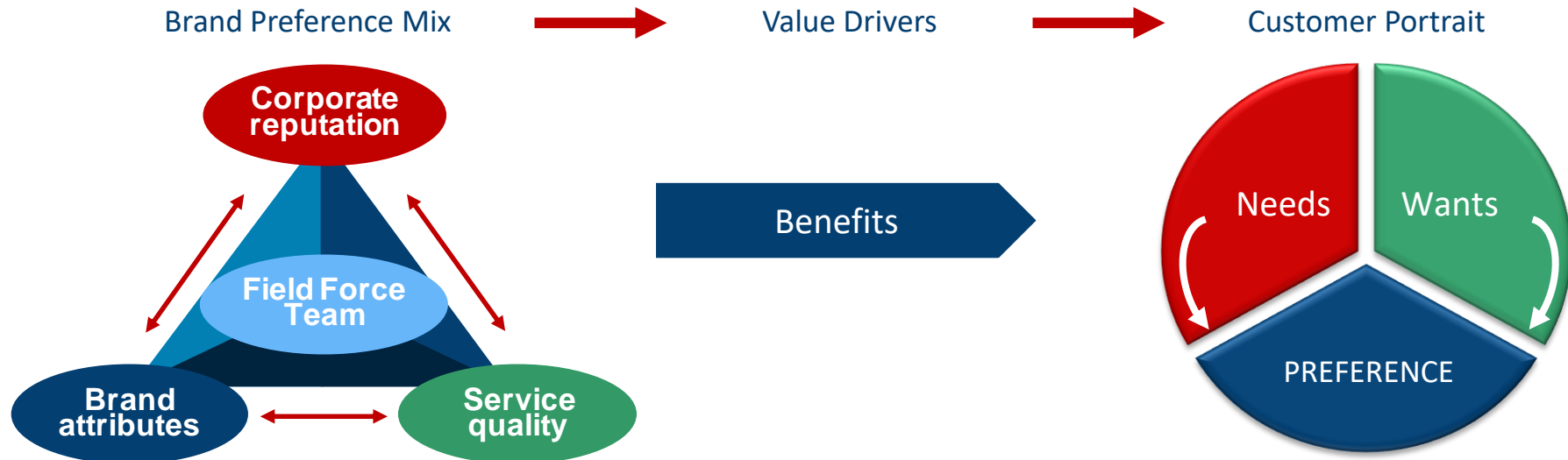


Source: "Building prescriber loyalty", J.-M. Peny et al., SCRIIP Magazine, September 1993 – Smart Pharma Consulting

<sup>1</sup> See Smart Pharma Consulting position paper "Best-in-Class Medical Reps" published in April 2017

**Field Force Teams must put into perspective the value drivers related to the three components of the Brand Preference Mix to gain/strengthen customers preference**

**Step 4: Key Tactics – Principles**



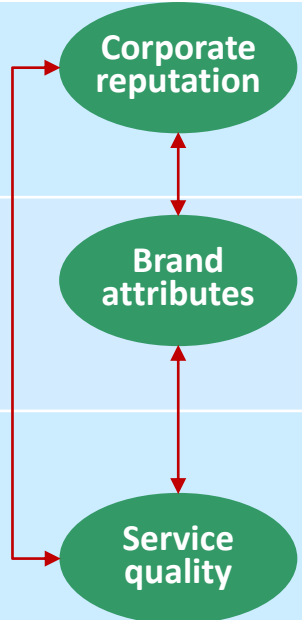
- The 3 components of the Brand Preference Mix are characterized by features which provide the “reasons to believe”
- These features must bring unique and valuable benefits to customers
- The Field Force Team purpose is to make customers aware of these benefits so that they properly use their products

- Customers’ preference will be driven by their:
- Needs: “I need a treatment for this disease that is effective and safe” [**fact-based**]
  - Wants: “I want to prescribe the treatment because I feel more secure [**emotional**]
- But limited by their:
- Fears: “I am used to another treatment and don’t wish to change my habits” [**fact-based & emotional**]

Source: Smart Pharma Consulting, adapted from the book “Pharma Marketing Tool Box” 2015

## Features of each component of the Brand Preference Mix should be expressed as benefits to customers in order to strengthen their preference to the brand

### Step 4: Key Tactics – Customers Preference Path (1/3)

Brand Preference Mix (BPM)	Features of the BPM component	Benefits to customers
 <p><b>Corporate reputation</b></p>	<ul style="list-style-type: none"> <li>• What to say and what to do to build an appealing image (e.g. values, initiatives, achievements, strategic priorities, etc.) and establish the company as a reliable player?</li> <li>• How should these initiatives be carried out?</li> </ul>	<p><b>The benefits the customers are likely to draw<sup>1</sup> should be identified for each feature of each component of the Brand Preference Mix,</b></p>
<p><b>Brand attributes</b></p>	<ul style="list-style-type: none"> <li>• How to make the brand perceived positively different from competition?</li> <li>• How to highlight these attributes in an effective and efficient way?</li> <li>• To whom these differentiating points should be communicated?</li> </ul>	
<p><b>Service quality</b></p>	<ul style="list-style-type: none"> <li>• What services should be developed to create a strong positive difference vs. competition?</li> <li>• How to make sure these services are highly valued by customers? <i>[Are they useful / interesting / convenient / well executed?]</i></li> <li>• How should these services be implemented in an optimal manner? <i>[How to ensure the in-field people collaborate effectively and efficiently to deliver highly valued services?]</i></li> </ul>	

Source: Smart Pharma Consulting, adapted from the book "Pharma Marketing Tool Box" 2015

<sup>1</sup> Benefits could be: functional, financial, emotional and/or self-expressive



**Field Force Teams must contribute to enhance customers preference to their brands by positively differentiating the components of the BPM they value the most**

**Step 4: Key Tactics – Customers Preference Path (2/3)**

Brand Preference Mix (BPM)	Features of the BPM components	Benefits to customers	Desirability level <sup>1</sup>	Exclusivity level <sup>1</sup>
Corporate reputation (CR)			<input type="checkbox"/> Low <input type="checkbox"/> Moderate <input type="checkbox"/> High	<input type="checkbox"/> None <input type="checkbox"/> Partial <input type="checkbox"/> Total
			<input type="checkbox"/> Low <input type="checkbox"/> Moderate <input type="checkbox"/> High	<input type="checkbox"/> None <input type="checkbox"/> Partial <input type="checkbox"/> Total
Brand attributes (BA)			<input type="checkbox"/> Low <input type="checkbox"/> Moderate <input type="checkbox"/> High	<input type="checkbox"/> None <input type="checkbox"/> Partial <input type="checkbox"/> Total
			<input type="checkbox"/> Low <input type="checkbox"/> Moderate <input type="checkbox"/> High	<input type="checkbox"/> None <input type="checkbox"/> Partial <input type="checkbox"/> Total
Service quality (SQ)			<input type="checkbox"/> Low <input type="checkbox"/> Moderate <input type="checkbox"/> High	<input type="checkbox"/> None <input type="checkbox"/> Partial <input type="checkbox"/> Total
			<input type="checkbox"/> Low <input type="checkbox"/> Moderate <input type="checkbox"/> High	<input type="checkbox"/> None <input type="checkbox"/> Partial <input type="checkbox"/> Total

Source: Smart Pharma Consulting, adapted from the book "Pharma Marketing Tool Box" 2015

<sup>1</sup> Should be selected only the benefits that are at least moderately desirable and partially exclusive

The exclusive and desirable benefits associated to the components of the BPM should be expressed by customer type or, even better, by individual customer

**Step 4:** Key Tactics – Customers Preference Path (3/3)

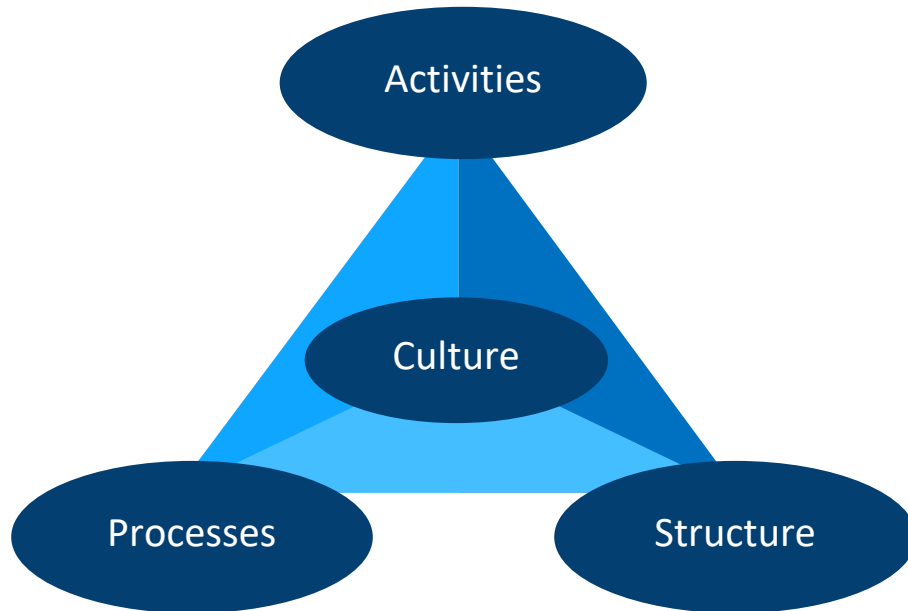
Customer type <sup>1</sup>	BPM <sup>2</sup>	Value proposition (exclusive & desirable benefits)
	Corporate Reputation	
	Brand Attributes	
	Service Quality	
	Corporate Reputation	
	Brand Attributes	
	Service Quality	
	Corporate Reputation	
	Brand Attributes	
	Service Quality	

Source: Smart Pharma Consulting, adapted from the book “Pharma Marketing Tool Box” 2015

<sup>1</sup> Physicians, Pharmacists, Patients, Payers, Policy makers, Patient advocacy groups, etc.  
<sup>2</sup> Indicate on which component of the BPM (corporate reputation, brand attributes, service quality) the value proposition is built

The Field Force organization model should be designed to support the execution of the crafted strategy and tactics in the most effective and efficient way

Step 5: Key Tactics – Organizational Model – The Organizational Triangle



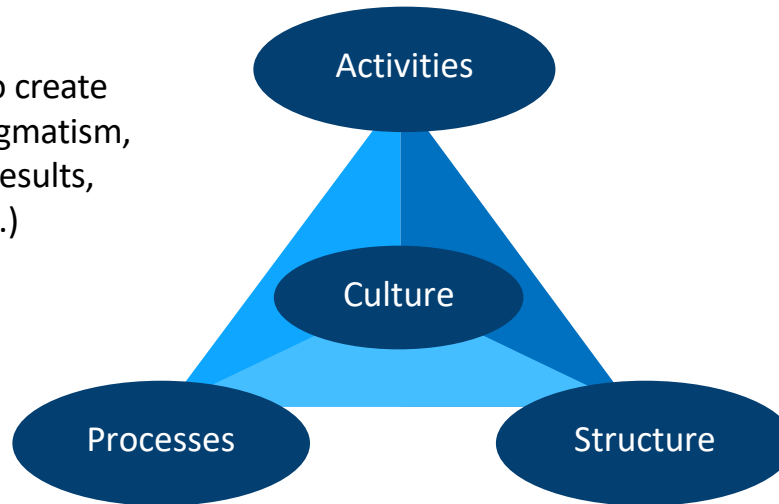
- The **organization model** should be designed to best **support** the implementation of the **strategy** and the corresponding **tactics**
- The organizational model developed by Smart Pharma Consulting is built on four dimensions:
  - **Activities** of collaborators
  - **Structure** and **headcount**
  - **Key processes**
  - **Cultural traits**
- These **four dimensions** should be **consistent** and regularly **adjusted**, qualitatively and quantitatively, to ensure an **optimal support of the strategy**

The organization must be designed to enable quick and easy adjustments to environment changes, and to get collaborators aligned to boost customer preference

**Step 5:** Key Tactics – Organizational Model – Activation of the four levers

**Lever #1:** What should be the Field Force Team key activities (and the required competencies)?

**Lever #4:** What culture do we want to create within the Field Force Team (e.g., pragmatism, proactivity, empowerment, tangible results, cross-functional working method, etc.)



**Lever #3:** What are the key business processes (interactions, decision making, execution and performance monitoring) and are they efficient?

**Lever #2:** What structure (organigram & FTEs)<sup>1</sup> will best support Field Force Teams to achieve their tasks efficiently?

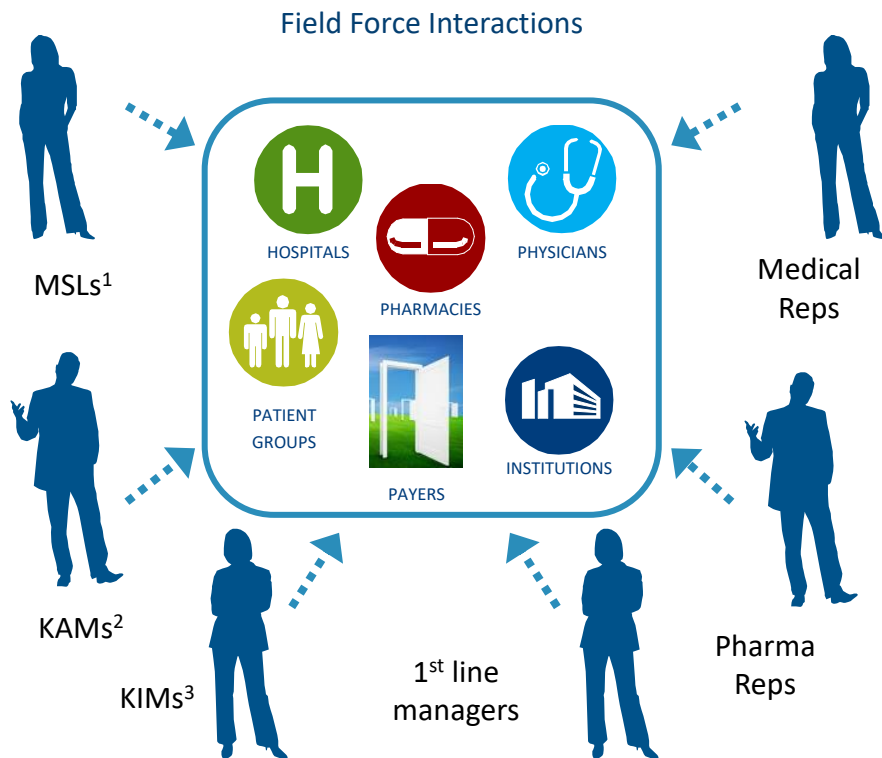
## Field Force Teams activities should be regularly adjusted to secure a regular access to customers and to boost their preference to the brands marketed by the company

### Step 5: Key Tactics – Organizational Model – Key activities (1/2)



#### Principles

- Activities of Field Force Teams should be systematically streamlined:
  - Activities having no significant impact to raise the value of the marketed brands should be stopped
  - Customers shared by different Field Force functions (e.g., MSLS and medical reps) would require a clear co-positioning to avoid duplication and a thoughtful coordination of activities to leverage potential synergies which will be driven by sharing competencies, and/or costs
- To secure access to customers and influence them, Field Force Teams should, better than competitors:
  - Acquire a high level of market insights<sup>4</sup>
  - Highlight the image<sup>5</sup> of the company they work for
  - Propose and deliver highly valued services
  - Exhibit the benefits offered by the marketed brands
  - Use customers preferred communication channels
- Ambitious capability building programs would be required

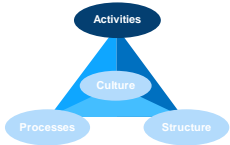


Sources: Smart Pharma Consulting

<sup>1</sup> Medical Science Liaison – <sup>2</sup> Key Account Managers – <sup>3</sup> Key Institution Managers – <sup>4</sup> Meaning: have an excellent knowledge and a good understanding of the healthcare system, the key market stakeholders (health authorities, competitors, customers) – <sup>5</sup> See Smart Pharma Consulting position paper “How to create a superior Pharma Corporate reputation” published in August 2016

## The development of Field Force Teams competencies can be structured and prioritized with the help of the Smart Index tool

### Step 5: Key Tactics – Organizational Model – Key activities (2/2)



### The Smart Index

- The **Smart Index** is a tool which structures the development of competencies around 3 components:

$$\text{Smart index} = \text{Knowing} \times \text{Understanding} \times \text{Behaving}$$

#### Knowing

**Precise – Reliable – Relevant**

knowledge of facts & figures re. the market, the company, with a special emphasis on customers and their influencers

#### Understanding

**In-depth & Robust**

analytical skills and fact-based decision making

#### Behaving

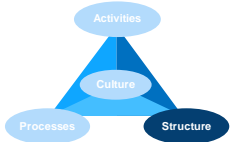
**Planning, Organizing, Directing & Monitoring**

to guarantee the quality of execution, leverage potential synergies and keep colleagues engaged

*“Any fool can know. The point is to understand” – Albert Einstein*

**There is no magic numbers, the Field Force size depends on external and internal factors, the impacts of which are specific to each company and each product**

**Step 5: Organizational Model – Structure (1/3)**



**Field Force sizing: Driving Factors**

**External factors**

**Authorities**

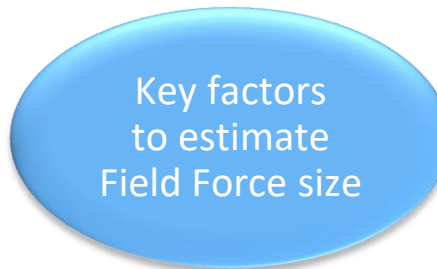
- Regulations re. Field Force activities (charter)
- Limitation of interactions with HCPs
- Refusal of institutions to interact with pharma companies

**Customers**

- Number of HCPs and other customers (e.g., influencers such as PAGs, patients, payers)
- Opinion and behavior vis-à-vis the company, its products and services
- Inclination of customers to change their opinion and behavior under the influence of Field Force Teams

**Competition**

- Number of targeted customers
- Types, content and frequency of interactions per targeted customer
- Number of in-field FTEs



**Internal factors**

**Products**

- Number of brands for presentation
- Product life cycle stage (pre-launch, launch, growth, maturity, decline)

**Organization**

- Number of field days
- Types, content and frequency of interactions<sup>1</sup>
- Number of daily interactions
- Number of interactions per customers
- Cost per in-field collaborator and per interaction

**Skills**

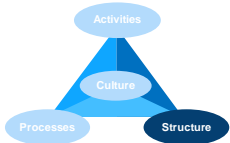
- Quality of contact
- Contact productivity
- Territory management

Source: Smart Pharma Consulting based on "Pharma Marketing Tool Box" published in 2016

<sup>1</sup> Including: face-to-face calls, mailings and e-mailings, contacts during medical meetings, congresses, project collaborations, etc.

# The Smart Simulator helps to estimate the optimal Field Force resources and the best structure by adjusting coverage and frequency by customer and by product

## Step 5: Organizational Model – Structure (2/3)



### Field Force sizing: The Smart Simulator

Smart Simulator: Hospital and retail lines activity		Illustrative	
	FTE 2018*	FTE after simulation	
<b>Overview</b>			
<b>GPs</b>	78	79	
<b>Diabetologists</b>	5	6	
<b>Neurologists</b>	24	24	
<b>Hospital pharmacists</b>	7	5	
<b>Retail pharmacists</b>	37	11	
<b>Nurses</b>	1	2	
<b>Total FTE</b>	<b>152</b>	<b>128</b>	
<b>Simulation vs. 2018:</b>		<b>-24</b>	

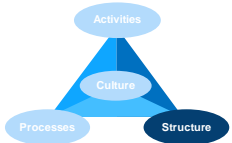
\*Based on the number of calls planned by the company in 2018 (assuming 900 calls per year per sales rep)

- The Smart Simulator is an enabling tool to help pharma companies evaluate the impact of external and internal factors, either qualitative or quantitative, which will influence the size of their Field Force
- Thus, the sizing, expressed as FTEs, will depend on:
  - The number of customers for whom interactions with the Field Force is likely to have a significant positive impact on the performance of marketed products
  - The types of interactions customers are open to
  - The optimal number of interactions to be carried out for each customer
  - The time related to the implementation of these interactions
  - The combined activities, and possible synergies amongst different in-field collaborators<sup>1</sup>
- The Smart Simulator, as any simulator, gives a preliminary estimate which must be completed by a qualitative analysis, customer by customer



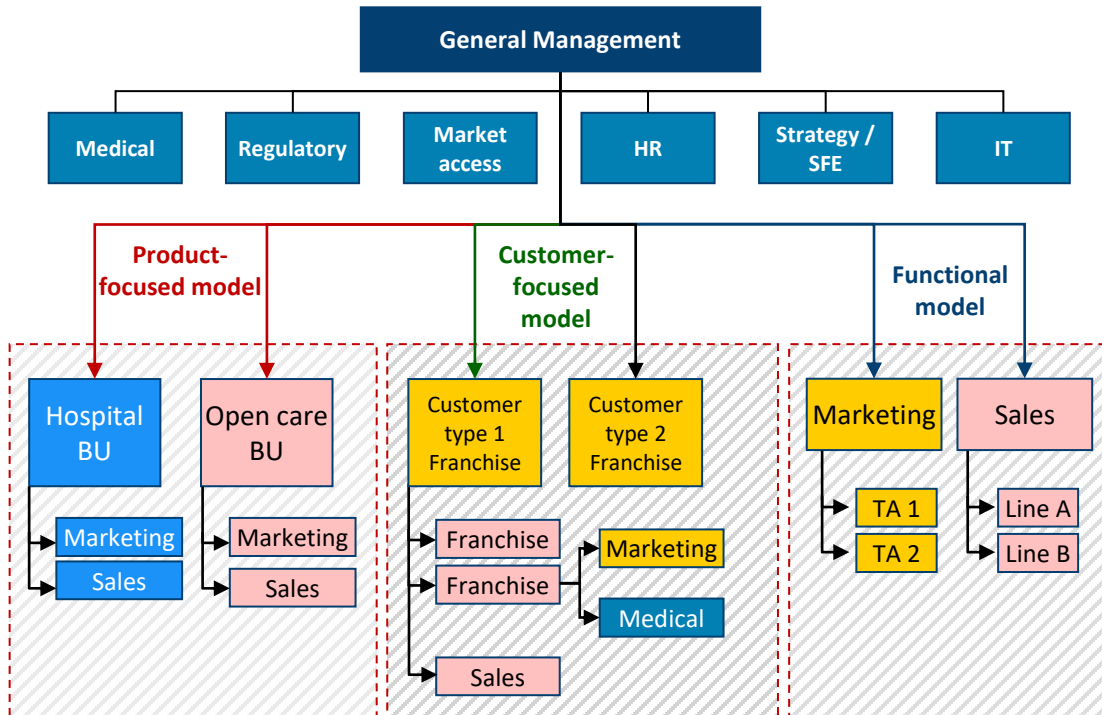
The preferred structure should be built around customers, remain lean and agile, favoring collaborations across departments and with the support functions

**Step 5: Organizational Model – Structure (3/3)**



**Organization Chart**

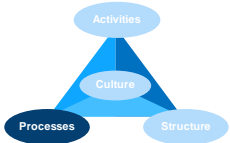
Typical structure of pharmaceutical companies



- **In the Product-focused model**, products drive the structure:
  - For “strict” hospital use, activities are organized in BUs or franchises, gathered or not under a common “Hospital Management” structure, and covering different therapeutic areas (TAs)
  - For mix products, companies display hospital dedicated med reps, reporting to open care BUs, and supporting detailing of open care products at hospital
  - Hospital and open care organizations are operationally independent, but share common supporting resources
- **The Customer-focused model** is shaped around customers by franchise, each of them containing marketing and medical resources, supported by sales forces
- **The functional model** is less frequent among pharma companies, irrespective of their size

High market sensitivity, simple and short processes, cross-departments coordination and cooperation will contribute to better serve customers

**Step 5: Organizational Model – Processes (1/3)**



**Customer-centricity Organization: The 4 Cs**

- Customer-focused organization (silos around customers vs. brands)
- Knowledge- and experience-sharing
- Harmonization of activities

- Skills to develop and deliver high value solutions
- Ability to explore and discover customer insights (deep knowledge of their needs, wants, behaviors)
- Motivated and empowered collaborators



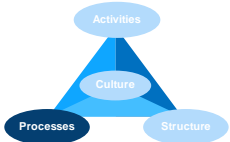
- Project teams including members from various departments centered around customers
- Shared customer database
- Introduction of metrics to foster cultural change

- Partnership with external players to propose unique and highly valued offerings to customers

Sources: Adapted from R. Gulati (HBR 2007) - Smart Pharma Consulting analyses

To create value for field forces, and therefore for the company, head office functions should maintain a business-driven balance between support and control

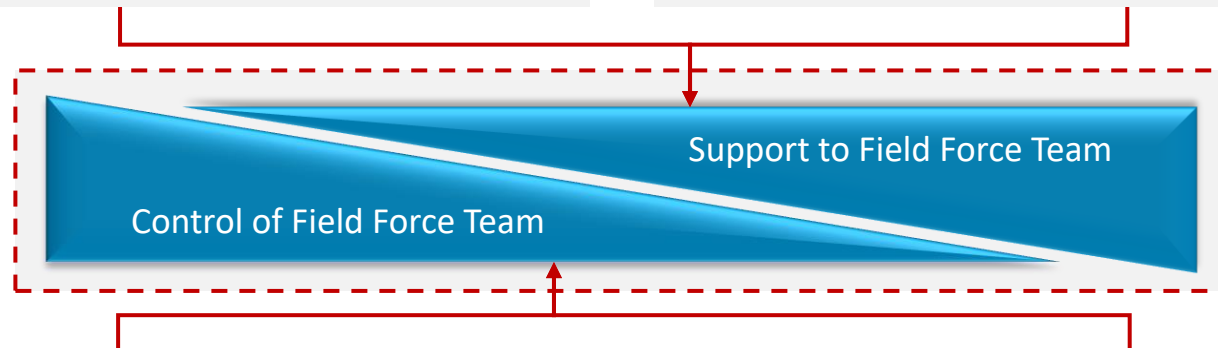
**Step 5: Organizational Model – Processes (2/3)**



**Balanced Support & Control of Field Force Teams**

- *Ad hoc* capabilities missing at Field Force level
- Complementary resources (e.g., if understaffing)
- Strategic directions and priorities, whenever required

- Support to facilitate in-field activities, to address scientific, legal, HR issues, etc.
- Competence and experience sharing across BUs and from head office to in-field functions

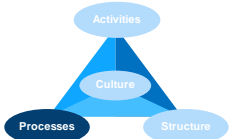


- Business-relevant metrics (automation, dashboards, standardized score cards)
- Selected number of KPIs (key performance indicators) and KEIs (key execution indicators)

- Monitoring of compliance (e.g., HR policy, people management, marketing & sales practices, etc.)
- Monitoring of the level of organizational agility and suggestions of solutions to fill up the gaps (if any)

# The activities of in-field collaborators interacting with the same customers should be integrated in a single strategic plan, including separated sections

## Step 5: Organizational Model – Processes (3/3)



### Integrated Regional Strategic Plan



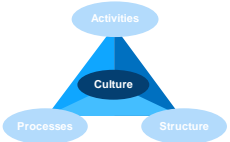
Medical Section	Marketing & Sales Section	Access & Adherence Section
<ul style="list-style-type: none"> <li>▪ Collaborators: MSLS</li> <li>▪ Key clients: national and regional KOLs</li> <li>▪ Key objectives: build strong and sustainable relationships with KOLs to develop advocacy</li> <li>▪ Key activities: interactions with KOLs, scientific lectures at congresses, symposia, staff meetings, support of research clinical trials, training of speakers and collaborators from marketing and sales teams, support of Key Institution Managers (KIMs) and Key Account Managers (KAMs) while meeting their clients, competitive intelligence initiatives</li> </ul>	<ul style="list-style-type: none"> <li>▪ Collaborators: brand managers, area managers, medical representatives</li> <li>▪ Key clients: physicians, retail and hospital pharmacists</li> <li>▪ Key objectives: strengthen brand preference</li> <li>▪ Key activities:                             <ul style="list-style-type: none"> <li>– Marketers: crafting of a brand preference strategy leveraging brand attributes, perceived quality of associated services and corporate reputation</li> <li>– Sales forces: medical calls, invitations to medical meetings, congresses and proposal for services likely to strengthen brand preference</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Collaborators: Key Account Managers (KAMs) and Key Institution Managers (KIMs)</li> <li>▪ Key clients: regional health authorities, regional payers, hospital directors, hospital purchase managers, PAGs<sup>2</sup>, etc.</li> <li>▪ Key objectives: facilitate the hospital listing, and improve patient adherence</li> <li>▪ Key activities: development of medico-economic studies to facilitate the market access of brands and support of projects to improve patients' adherence, to promote the proper use of drugs</li> </ul>

Sources: Smart Pharma Consulting

<sup>1</sup> In compliance with the national regulations and the companies' internal policies – <sup>2</sup> Patient Advocacy Groups

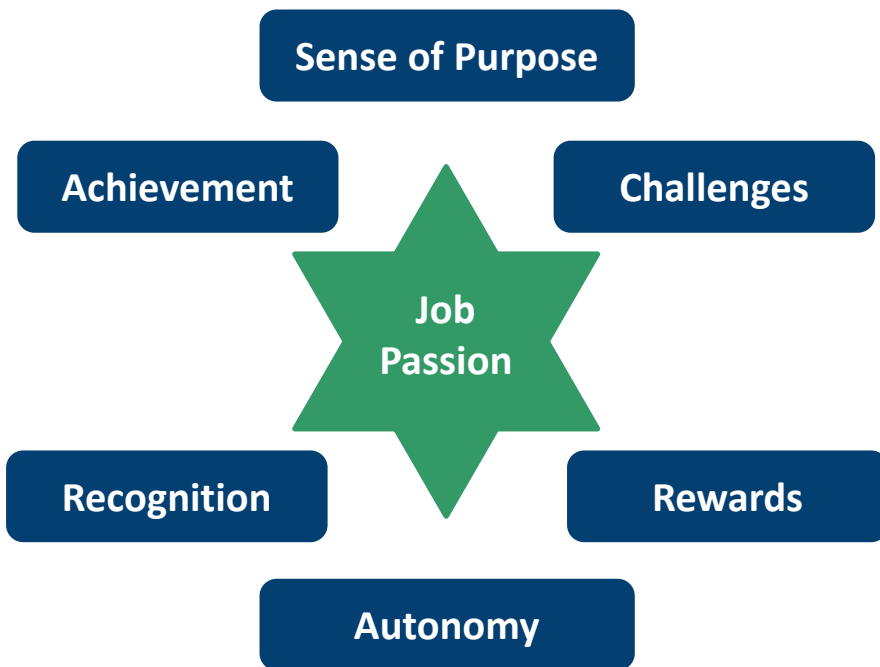
Stimulating Field Force members passion for their job is a key performance driver, especially in a context where customers are increasingly reluctant to meet them

**Step 5: Organizational Model – Culture (1/2)**



**Stimulation of Job Passion<sup>1</sup>**

Job passion is influenced by **six key drivers**:



Passion is expressed by:



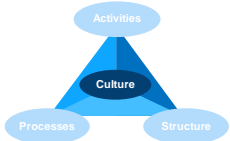
*“Pleasure in the job puts perfection in the work” - Aristotle*

Sources: Smart Pharma Consulting

<sup>1</sup> See Smart Pharma Consulting position paper “Be a Smart Manager, Not just a Good one” published in June 2017

## Managing by mutual benefits will give Field Force Teams a sense of purpose which will increase the probability to get their full and sustainable engagement

### Step 5: Organizational Model – Culture (2/2)



### Management by Mutual Benefits<sup>1</sup>

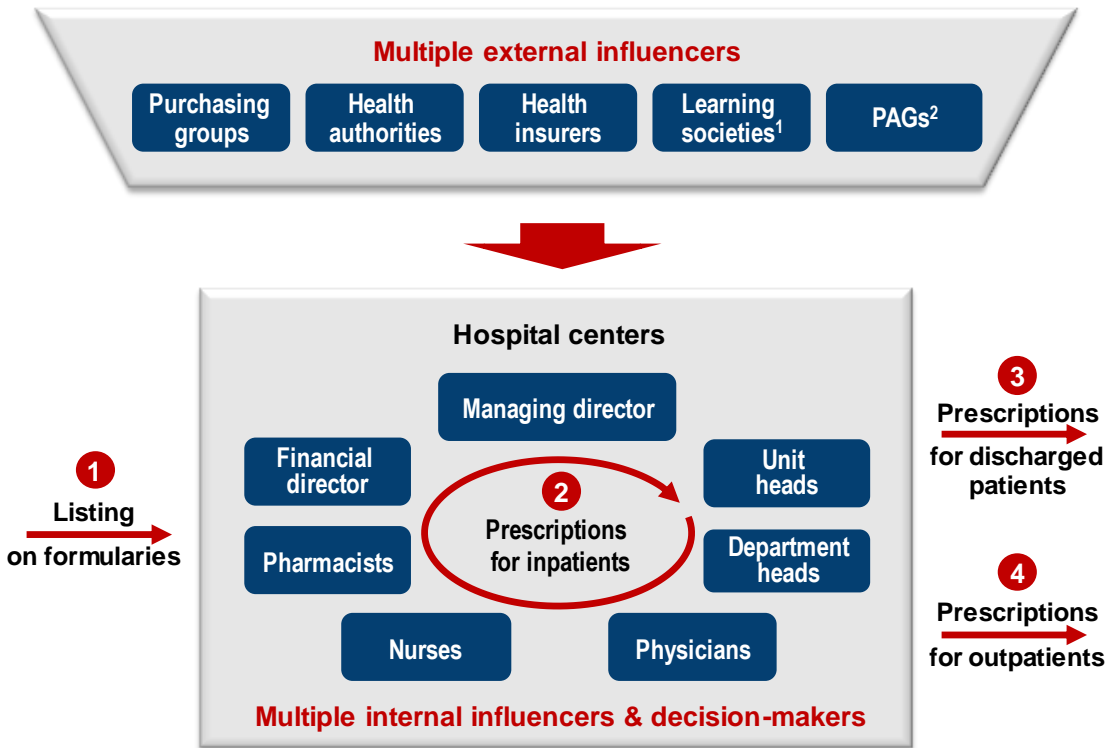
MBO <sup>2</sup> (Management By Objectives)
<ul style="list-style-type: none"> <li>▪ Definition of <b>objectives</b> agreed by both management and employees</li> <li>▪ Well-adapted to <b>vertical management</b> models</li> <li>▪ However, by focusing on results, the way to achieve them (the planning) can be overlooked and lead to <b>suboptimal efficiency</b></li> <li>▪ Does not favor innovation nor flexibility</li> </ul>



MBMB (Management By Mutual Benefits)
<ul style="list-style-type: none"> <li>▪ Creates <b>mutual benefits</b> and <b>value</b> by <b>fulfilling</b> the respective <b>expectations</b> of employees and employers</li> <li>▪ Maximize the probability to obtain the <b>full engagement</b> of employees</li> <li>▪ Requires from managers to (better) satisfy collaborators ...</li> <li>▪ ... to create <b>favorable conditions</b> to secure a <b>higher quality</b> of execution that will lead to <b>better results</b></li> </ul>

The Field Force strategy and organization must have a favorable impact on one or several of the key performance drivers of products prescribed at hospital level

**Step 6: Expected Outcomes – Hospital Market Segment**



- The expected results from the Field Force strategy, its related tactics and supporting organization will come from their – direct or indirect – positive impact on the following performance drivers:

1. Listing on formularies<sup>3</sup>
2. Prescription for inpatients<sup>4</sup>
3. Prescription for discharged patients<sup>4</sup>
4. Prescription for outpatients<sup>4</sup>

- Maintaining access to HCPs is a key challenge that must be addressed by ensuring high quality interaction, from customers perspective

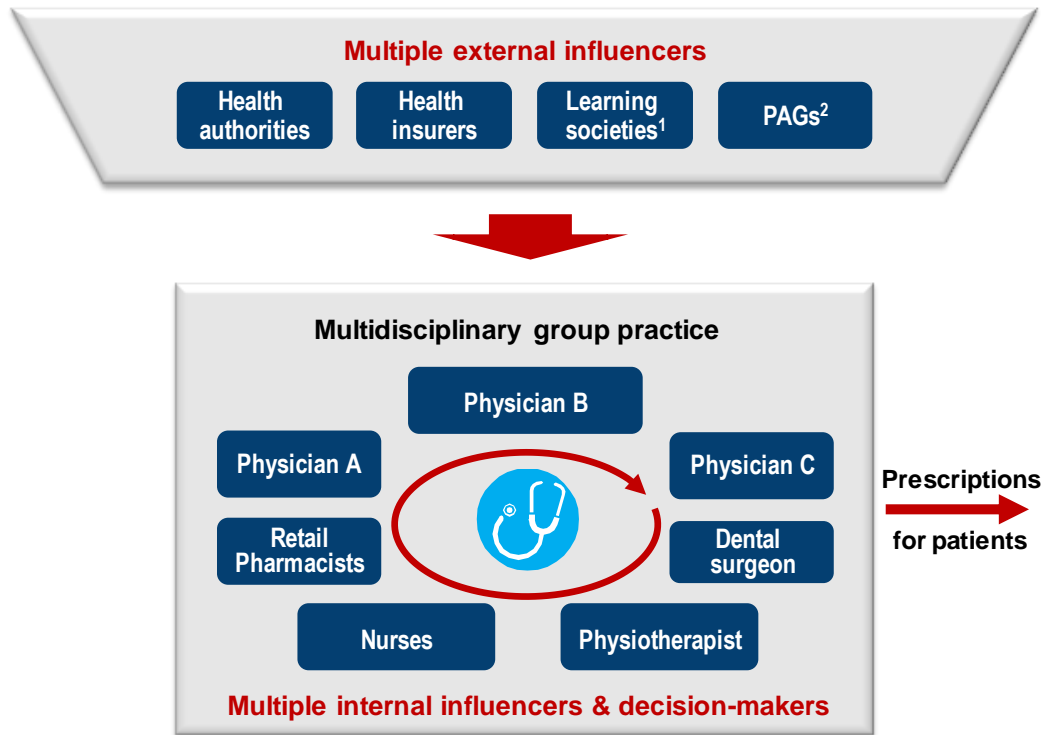
- The actions to activate these drivers will depend on:

- Each hospital specificities (e.g., strategic priorities, procurement process and policy, degree of complexity, power games)
- Product portfolio competitive position
- Value of services offered to date
- Corporate reputation

● Key performance drivers for pharma companies

## Field Force Teams operating on the open care market must secure access to customers and raise their brand preference by ensuring highly valued interactions

### Step 6: Expected Outcomes – Open care Market Segment



- On the open care market, the expected outcome from the implementation of the customer strategy and of the supporting Field Force organization is to:
  - Secure a regular access to health care professionals (HCPs) which has become more and more difficult, especially in health centers
  - Raise the preference of HCPs in favor of the marketed products by leveraging the three components of the Brand Preference Mix<sup>3</sup>
  - Maintain a favorable opinion and behavior of stakeholders who are likely to influence HCPs and patients
- To address these challenges, the Field Force Team members will have to:
  - Ensure high value interactions
  - Coordinate their activities to leverage potential synergies
  - Be flexible enough to adjust themselves to the external and internal changes



To measure the efficacy and efficiency of a Field Force Team, it is recommended to monitor the activities, they carry out with KEIs<sup>1</sup> and their related impact with KPIs<sup>2</sup>

**Step 6: Expected Outcomes – Measurement Tools**

1 What is the objective?	2 What is the target?	3 KEIs <sup>1</sup>	4 KPIs <sup>2</sup>
<ul style="list-style-type: none"> <li>▪ Create / reinforce awareness</li> <li>▪ Generate interest</li> <li>▪ Develop brand preference</li> <li>▪ Increase share of prescription</li> <li>▪ Increase compliance</li> <li>▪ Limit substitution rate</li> <li>▪ Get the brand listed</li> <li>▪ Fine tune the profile of the customer</li> </ul>	<ul style="list-style-type: none"> <li>▪ Physicians (e.g., KOLs, specialists, GPs)</li> <li>▪ Pharmacists (e.g., retail or hospital)</li> <li>▪ Patients</li> <li>▪ Nurses</li> <li>▪ Influencers (e.g., health authorities, “politics”, patient advocacy groups, public health insurance, private health insurance, professional associations)</li> </ul>	<ul style="list-style-type: none"> <li>▪ % of the target covered by the Field Force Team</li> <li>▪ % of the target influenced by the Field Force Team</li> <li>▪ % of the target having a positive opinion of the services offered<sup>3</sup></li> <li>▪ Number of interactions (e.g., by customer, by in-field collaborator)</li> <li>▪ Implementation time required vs. planned</li> <li>▪ Actual vs. budgeted cost</li> </ul>	<ul style="list-style-type: none"> <li>▪ Brand Preference Mix index (i.e., corporate reputation, product attributes, service quality)</li> <li>▪ % of hospitals having listed the brand</li> <li>▪ Price negotiation</li> <li>▪ Sales level and evolution</li> <li>▪ Share of prescription</li> <li>▪ Change in the number of treatment initiations</li> <li>▪ Return on investment</li> </ul>

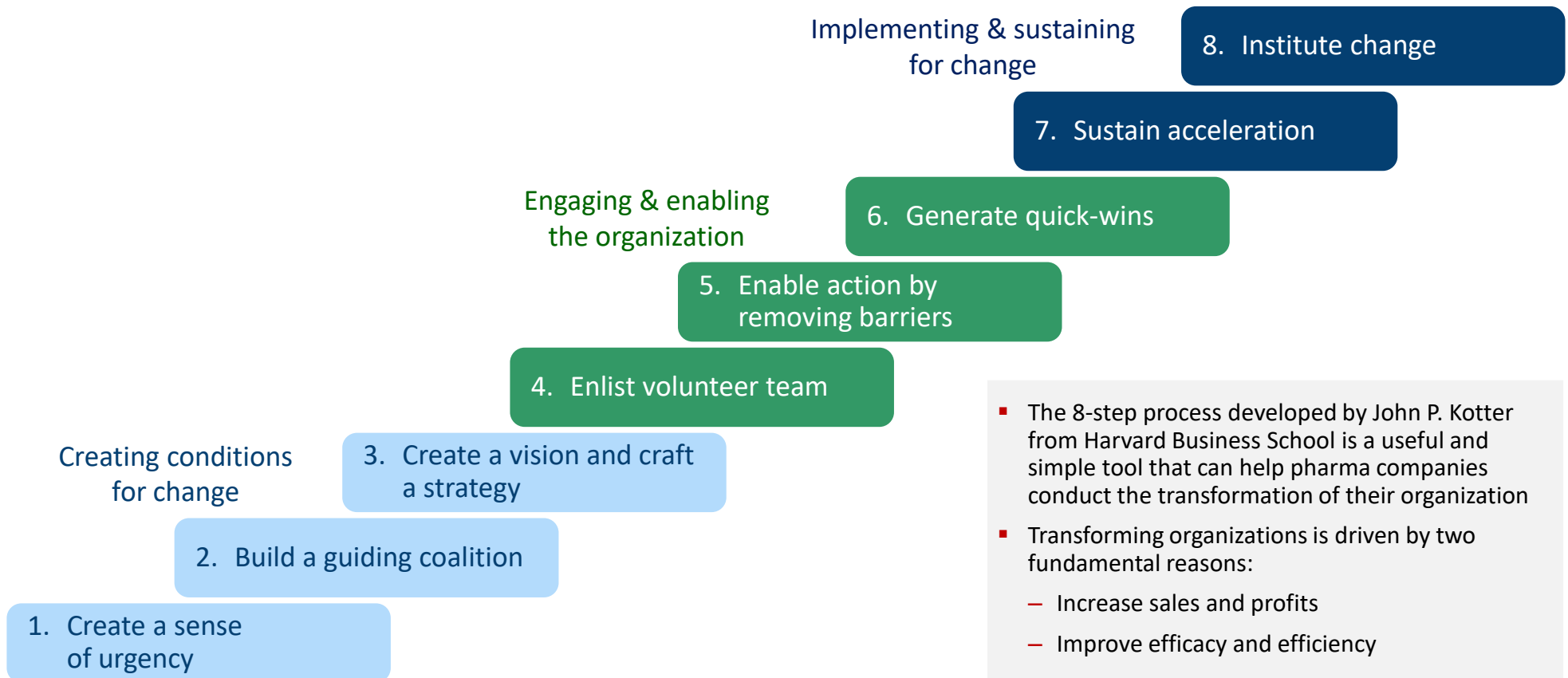
*“If it cannot be measured, it cannot be managed” – Peter Drucker*

Source: Smart Pharma Consulting based on “Pharma Marketing Tool Box” published in 2016

<sup>1</sup> Key Execution Indicators – <sup>2</sup> Key Performance Indicators – <sup>3</sup> Based on: usefulness, interest, convenience, quality of execution)

## Pharma companies having no choice but to transform themselves to boost their performance, they can follow the 8-step process for leading change

### The 8-Step Process for Leading Change: Principle



Source: Adapted by Smart Pharma Consulting from John P. Kotter 1996 and 2016, Richard L. Daft 2016

## The careful implementation of these eight steps is important because it provides pharma companies with a robust framework to facilitate the change process

### The 8-Step Process for Leading Change: Implementation

#### 1. Create a sense of urgency

- From competitive environment and company performance, people must see (facts) and feel (emotions) the necessity to transform the company
- Most managers must be able to describe opportunities for collaborators

#### 2. Build a guiding coalition

- A “transformation team” with a strong leader must be set up
- This “guiding coalition” must be strongly convinced of the need to change...
- ... and form a powerful close-knit group in terms of reputation, influence, etc.

#### 3. Create a vision and craft a strategy

- A clear vision people adhere to and...
- ... a good understanding of the strategy to make it a reality will help envision the benefits of the change for individuals and the company
- Leaders play a key role at this stage

#### 4. Enlist volunteer team

- To make change happen, a large team of advocate and role models who “walk the talk” and drive in the same direction to achieve the vision, must be built

#### 5. Enable actions by removing barriers

- Structures and processes that obstruct the change effort should be removed
- Risk taking and innovative ideas should be encouraged

#### 6. Generate quick-wins

- Quick wins are essential to boost the credibility of the change process and keep the momentum going

#### 7. Sustain acceleration

- Activities, structures, processes and cultural traits which do not fit with the new vision must be changed
- Change leaders should be hired, promoted, developed

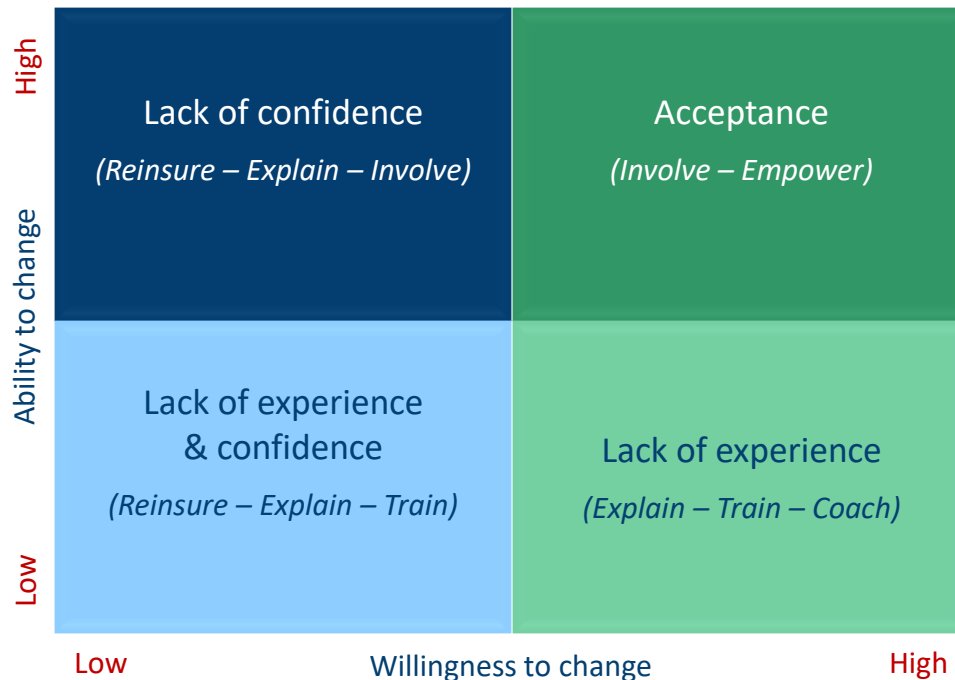
#### 8. Institute change

- How have new activities, structures, processes and cultural traits helped improve performance should be shown and institutionalized to make the change stick?

## Change management requires to pay a special attention to resisters and apply the appropriate techniques to address the root causes of their resistance

### Management of Resistance to Change

#### Resistance to Change Matrix



#### Techniques for Reducing Resistance to Change

- **Education & communication**
  - In case of misinformation, but may not work if lack of trust and credibility
- **Participation**
  - When resisters are able to contribute
- **Facilitation & support**
  - When resisters are fearful and anxious
- **Negotiation**
  - When resistance comes from a powerful group, but can open doors for others to apply pressure too
- **Manipulation & co-optation**
  - When a powerful group endorsement is needed, but can backfire and cause to lose credibility
- **Coercion**
  - When a powerful group endorsement is needed, but may be illegal, backfire and cause to lose credibility

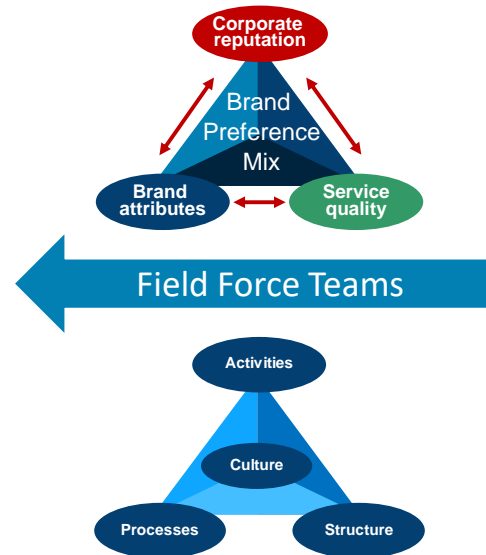
## The Smart Field Force Framework helps pharma companies better align their strategy and their organization to optimize their performance

### Smart Field Force Framework Recommendations

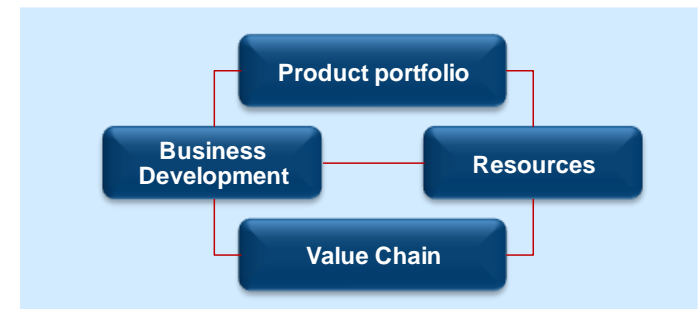
Competitive Landscape Analysis



- Policy makers want to develop a more effective and efficient healthcare system
- Payers' priority is to better control healthcare expenditure by cutting prices and limiting access to patients
- PAGs fight to get an earlier and broader access to innovative treatments and get better therapeutic outcomes
- HCPs need more time to treat patients and to remain well informed of innovations and new medical practices



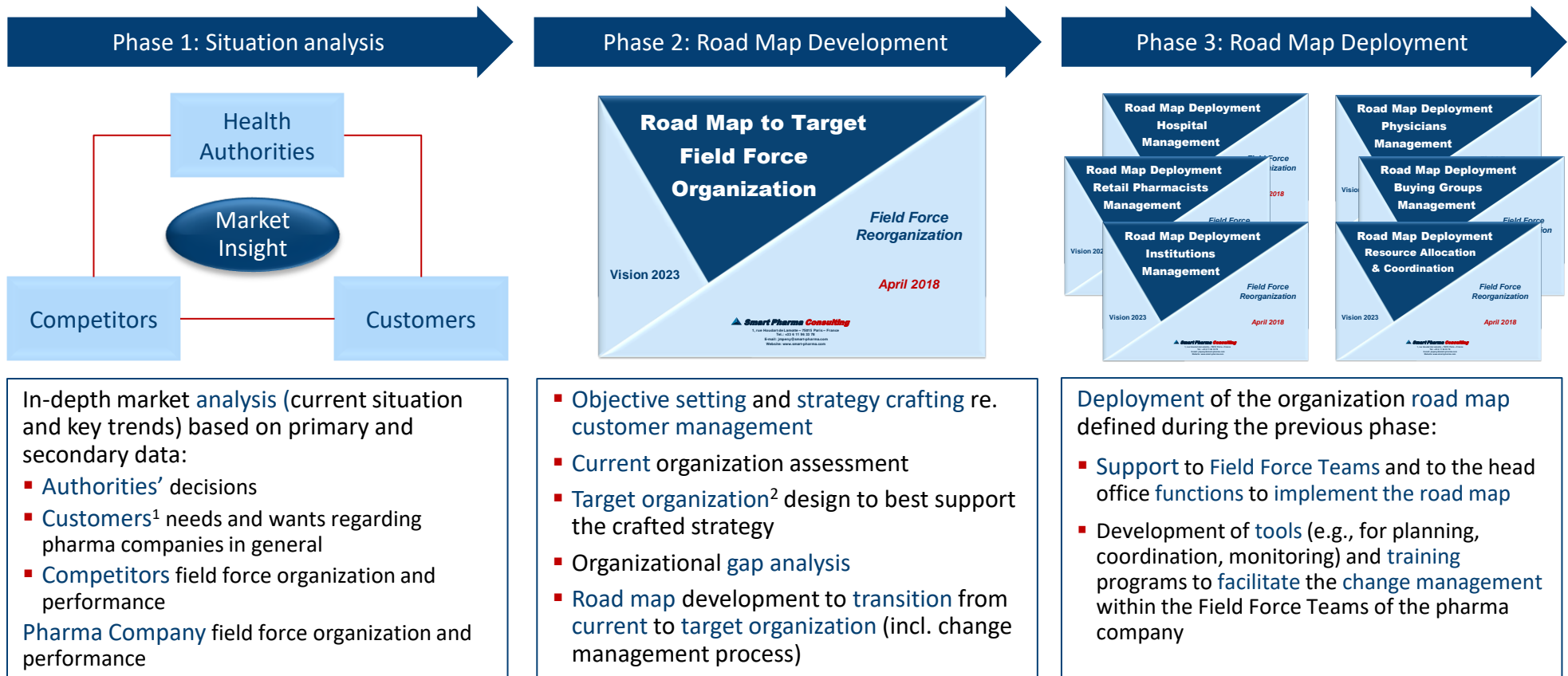
Company Assets Assessment



- Strategy should be focused at enhancing customers preference to their brands with the help of the Brand Preference Mix
- Organization should be designed so that:
  - Activities are carried out by highly competent people working in multidisciplinary teams
  - Field Force Teams are structured around customers / customer groups
  - Processes are kept simple to guarantee agility, flexibility and leanness
  - Passion for their job is developed and cultivated amongst Field Force Teams

## The following method to reorganize Field Force Teams is one example of the services proposed by Smart Pharma Consulting to help pharma companies

### Example of Method to Reorganize of Field Force Teams



Sources: Smart Pharma Consulting

<sup>1</sup> Including: hospital and retail pharmacists, hospital and office-based physicians (specialists or GPs), PAGs, regional health authorities / payers – <sup>2</sup> Taking into account the four following dimensions: Activities – Processes – Structure – Culture

Consulting firm dedicated to the pharmaceutical sector operating  
in the complementary domains of strategy, management and organization

## The Collection 2021

- The “Collection 2021” which includes Smart Pharma Consulting best position papers, is published on its 20<sup>th</sup> anniversary
- This e-book proposes effective and practical solutions to help pharma companies improve their performance
- Its content will be released in six parts, over the 4<sup>th</sup> quarter 2021:
  1. Market Insights
  2. Strategy & Market Access
  3. Medical Affairs & Marketing
  4. Sales Force Effectiveness
  5. Management
  6. Training Programs

## Part 4

### Sales Force Effectiveness

- This 4<sup>th</sup> part of Smart Pharma Consulting’s best position papers, covers the following topics:
  - Boosting Med Reps Effectiveness
  - Med Reps Survival Post-Covid-19
  - Service-led Medical Calls
  - Best-in-class Hospital KAM
  - Hospital & Institution Relationships in Regions
  - Best-in-class Field Force Organization

## Smart Pharma Consulting Editions



- Besides our consulting activities which take 85% of our time, we are strongly engaged in sharing our knowledge and thoughts through:
  - Our teaching and training activities
  - The publication of articles, booklets, books and expert reports
- More than 80 publications, in free access, can be downloaded from our website, of which:
  - 19 business reports (e.g., The French Pharma Market)
  - 12 position papers in the “Best-in-Class Series”
  - 18 position papers in the “Market Insights Series”
  - 10 position papers in the “Smart Tool Series”
  - 10 position papers in the “Smart Manager Series”
- Our research activities in pharma business management and our consulting activities have shown to be highly synergistic
- We hope that this new publication will be useful for you
- We remain at your disposal to carry out consulting projects or training seminars to help you improve your operations

Best regards

Jean-Michel Peny