

JULY 2009

THE BUSINESS MAGAZINE OF PHARMA
VOLUME 29, NUMBER 7

Pharmaceutical Executive

Change Is Coming

Pharmaceutical companies must fine-tune their sales strategies to meet customers' needs in this rapidly evolving market

The time for change is now.

That might sound like a political slogan, but it's also an apt rallying cry for pharmaceutical executives facing vast uncertainty in today's market. With cost-cutting pressures, reticent buyers, thinning pipelines, and expiring patents—not to mention the specter of government healthcare reform—the pharmaceutical industry faces challenges that will require drug companies to be more flexible with sales strategies than ever before.

Sales strategies can quickly become dated as customer needs and buying patterns evolve, economic conditions change, and companies enter new markets. The best companies are continually fine-tuning their sales strategies to address these changes, helping them meet their objectives to compete and grow. Therefore, it's crucial for executives to recognize the need for change in corporate sales strategy, and take necessary steps to facilitate that change.

When Is Change Needed?

Both external and internal pressures can elicit change in a pharmaceutical com-

pany's sales strategy. External pressures include greater competition and government regulations, increased payer fragmentation (which forces companies to tailor sales approaches to different payers with different needs), and restrictions on physician access (which lead to changes in how executives organize and deploy the sales force).

Internal events that affect sales strategy include any significant product launches or entries into new markets, as well as acquisitions and sales force mergers. Any one of these events can force a pharmaceutical firm to redefine its sales strategy.

To know when a change is in order, executives should analyze company results, physician feedback, and sales rep activities and roles. For instance, what kinds of things do their best-performing salespeople do differently than others? Are sales representatives spending time on the right physicians?

How to Change Sales Strategy

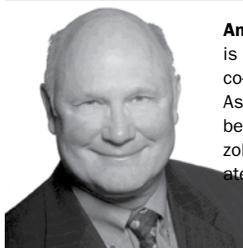
If, after careful consideration, it becomes apparent that the company would benefit from adjusting its sales strategy, ex-

ecutives must implement a well-planned process to ensure the change is successful. Implementing sales strategy change involves two main steps: first, defining the changes needed in the company's market segments, value proposition, and selling process; and second, getting the sales organization to execute the new process.

Step 1: Define the Necessary Changes

Sales strategy starts with understanding customers to pinpoint what they value and determine the best sales process for delivering that value. For pharma companies, physicians represent a diverse customer group with different needs, inclinations, and decision-making processes. (For instance, a doctor in a solo practice has different decision-making authority than a doctor in a group practice.)

But no matter who the customer is, it's important for pharmaceutical executives to evaluate targeting strategies and assess their value proposition and sales process. After an executive establishes the need to change sales strategy, he or she can follow the process laid out in Figure A to determine the correct changes to make.



Andris Zoltners is co-founder and co-chairman of ZS Associates. He can be reached at andy.zoltners@zsassociates.com



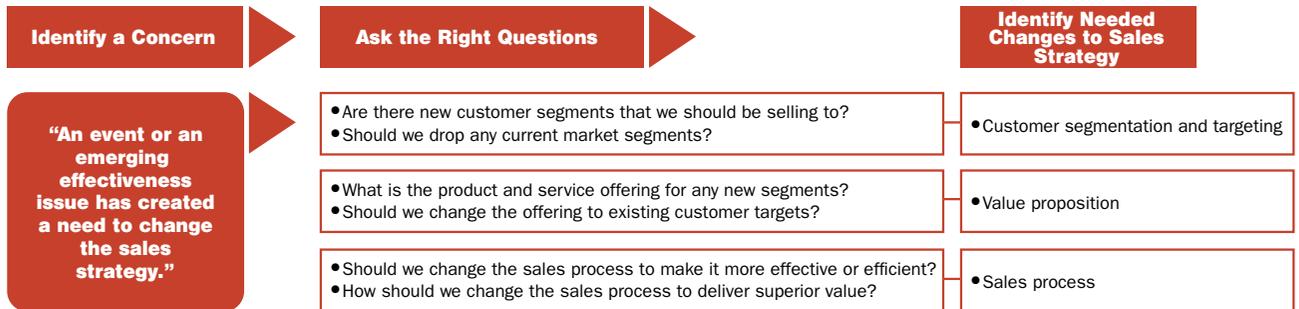
Prabhakant Sinha is co-founder and co-chairman of ZS Associates. He can be reached at prabha.sinha@zsassociates.com



Sally Lorimer is a business writer and sales and marketing consultant. She can be reached at sally.lorimer@zsassociates.com

PROCESS TO IDENTIFY CHANGES TO SALES STRATEGY

DIAGNOSTIC PROCESS:



Though the sales strategy changes will vary by company, any change must account for customers’ needs, relative levels of expertise, and preference for consultative or collaborative selling approaches.

Step 2: Implement the Sales Strategy Change Once a company develops a new sales strategy, it needs to formulate a plan to implement that strategy. Since salespeople are key in this step, companies need to examine sales force structure and roles, assess the skills and capabilities of their sales force, and use sales effectiveness drivers such as performance-based incentives to encourage sales activities that drive the new strategy.

Novartis Pharmaceuticals does this extremely well. It uses annual sales-effectiveness reviews to assess and enhance global sales performance. The company uses a structured approach to both evaluate sales force effectiveness and implement a successful change in sales strategy.

Focus on High-Value Physicians

Novartis’ annual sales effectiveness reviews identify ways to enhance sales. After the review, company leadership establishes an improvement plan, executes it, and measures progress.

In 2001, the company conducted its first sales-effectiveness review, which revealed that salespeople were wasting time calling on many physicians who

did not write a large number of prescriptions for the company’s classes of drugs. As a result, Novartis altered its sales activity to concentrate on the top 35 percent of physicians who wrote the most prescriptions for the company’s classes of drugs. Implementation of the new sales strategy required adjustments, including:

- » The addition of a new sales team, which helped Novartis increase call frequency for its highest value physicians
- » Training programs, which helped salespeople understand the benefits of the revised sales strategy and taught them to focus on target physicians
- » Having marketing personnel equip the sales team with data and tools that allowed them to re-target key physicians more effectively

Following implementation of the initiative, the company experienced a significant increase in sales, which it attributed to the strategic shift in sales efforts.

Value Propositions, Selling Processes

A subsequent annual sales-effectiveness review showed Novartis that having its average and low-performing salespeople learn from top performers could improve performance. As part of the review, sales leaders observed high- and average-performing salespeople making calls to see how they interacted with

physicians. The company compared the behavior of the two groups, and interviews with district sales managers and physicians provided further input for determining what sales force behaviors were successful in educating physicians.

Novartis executives used the information to develop a series of success principles that differentiated top-performing salespeople, then used these principles as a basis to guide improvements in the sales process for the entire sales force. These include:

- » Emulating top performers’ relationship-building activities to improve Novartis’ collective access to key physicians
- » Using call preparation, probing, and listening techniques of top performers in order to better understand customers and their needs
- » Adopting top performers’ approaches to adapt corporate communication strategies to individual physician and patient needs, more effectively delivering Novartis’ value proposition
- » Implementing the communication techniques and relationship-building activities that top performers used to reinforce value.

These sales force success principles were incorporated into a training program. Additionally, the company equipped managers with new tools and reports to help them evaluate salespeople more effectively within

the new selling model.

The new selling approach helped result in a more favorable perception of Novartis salespeople among physicians, as well as better sales results. The success of the program in the US led Novartis to adopt the training approach for its sales organizations in

several other countries. Annual effectiveness reviews at Novartis continue to reveal new opportunities for sales strategy improvements.

While there is no consistent, one-size-fits-all solution to pharmaceutical sales strategy, pharmaceutical executives that embrace change—and use a

structured approach to continually assess and improve their sales strategies—will best prepare their organizations to not only face today's uncertainties, but also conquer tomorrow's challenges. 

This article is adapted from the book, *Building a Winning Sales Force: Powerful Strategies for Driving High Performance*

© Reprinted from Pharmaceutical Executive, July 2009 AN ADVANSTAR  PUBLICATION Printed in U.S.A.

ZS Associates
www.zsassociates.com
inquiry@zsassociates.com
+1 847.492.3602

