

PHARMA'S GOT A BRAND NEW BAG

Pharmas aren't merely downsizing reps, they're rethinking the detail and installing specialized sales forces, breaking them up into regions and making outcomes king, **Matthew Arnold** reports

With the dust beginning to settle on a wave of massive patent expirations—and massive sales force downsizings that came with them—a new commercial model is starting to come into focus. It's one that reflects a shift in emphasis from primary care to specialty drugs, along with a qualitative approach codified by the new healthcare reform legislation.

GlaxoSmithKline exemplifies the trend toward a more outcomes-oriented way of professional promotion. In July, the company announced that it would no longer base bonuses for reps on individual achievement of sales targets but rather “primarily on the service they deliver to customers.”

“It will still have a competitive mix of salary and bonus,” says Jag Dosanjh, VP strategy planning and operations at GSK, “but how those bonuses will be measured and paid will be based primarily on the value and service they deliver to customers as opposed to individual achievement of sales targets.” Details of the scheme are still being worked out, but customer feedback will factor into it, as will an assessment of how well reps embody the company's values.

New model sales force

It's a small part of a much broader realignment of the company's sales operations, but in announcing the shift, the company was signaling its commitment to changing the way it does business. “It's one thing to say you're going to be more customer-focused, but if you're going to change the way a company does business, you need to have all the elements of the operating system set up to achieve that,” says Dosanjh.

PHOTO: BILL BERNSTEIN





**Jag Dosanjh, VP
strategy planning
and operations
GlaxoSmithKline**

Like many of its competitors, GSK is working furiously to retrofit its sales organization for a marketplace that's changed vastly over the past few years, rethinking everything to build a sales force that's not merely smaller but much differently structured than the sales forces of yore. It's more flexible, more regional, more specialty-based and far less one-size-fits-all than the sales forces of the Oughts, built to inundate primary care docs with data on huge mass-market drugs, along with the samples and the occasional branded tchotchke.

The tchotchkes are mostly gone, and mirrored reps seem more dated than mirrored aviator glasses. Sales forces for the top 40 pharma have shrunk by more than 20% in the past five years, according to SDI data, going from a peak of 101,734 in 2005 to 80,694 in 2009. With more mega-mergers in the works and drugs with annual sales of more than \$30 billion set to lose patent protection in 2011, expect

Four reasons why docs don't see reps

Note to pharma companies: Don't stop sending your sales people. The increasing number of physicians who are unwilling to have in-office meetings may be a growing concern, but the access issue has not reached crisis level. More than half of US doctors readily accept sales calls from pharmaceutical sales reps, based on ZS Associates' AccessMonitor report. And many of those who don't are still meeting with industry reps at exhibit booths held in conjunction with live medical meetings, other data show. To reach those doctors for whom access is a problem, there's no magic bullet, says Chris Wright, managing principal for ZS Associates' pharma practice. Instead, the solution depends on why the doctors bar reps in the first place. Research his firm has conducted suggests that it generally comes down to one of four reasons (listed in order of priority):

1 Not enough time Sit in a doctor's office watching patients come through all day and you get a keen sense for the pressure they face—medical practices are very busy places. Many physicians are too pressed for time to meet reps, let alone attend live meetings. For this reason, they are time-shifting—meeting reps in alternative, online venues and moving interactions outside of normal business hours, for example by tuning into KOL podcasts or vodcasts.

2 Objectivity: Some physicians can't swallow the idea that a manufacturer rep could be completely unbiased in the communication of information. Due to this credibility issue, these clinicians would rather get information from sources other than pharma companies, in which case a venue where colleagues gather and exchange information, such as a live meeting, could be important.

3 Information value: Pharma management these days has to be very careful to control rep-delivered sales messages. The result? In-office interactions become dry and mechanized to the point that it's uninteresting or not engaging. Sitting through so many dull conversations has conditioned doctors in this category to respond to each new rep visit with a mental "here we go again." For them, MSLs may be one way to add value.

4 Communication not customized: To these physicians, the message delivered by their regional sales rep is so controlled to stay inside legal boundaries that it comes across as not fitting "me the doctor" or as "not tailored to my patients." These medical professionals prioritize customized engagement, not sales messages that seem like a one-size-fits-all approach.



"The sales force is going to remain core to what we do. I think with product phases and life cycles, we can employ different techniques"

—Lisa Schoenberg, AstraZeneca

that trend to continue in the near term.

Together with the dearth of new products, the patent expirations of the past few years have left big pharma with bloated sales forces (even after a 13% shave, Merck's US sales force stood at nearly 7,000 last year, according to Cegecim Relationship Management) promoting too few drugs to physicians too busy to see them. So companies have been cutting, but they've also been radically realigning their approach to sales, taking advantage of emerging technologies to do more non-personal and remote promotion and tailoring their diminished field forces to portfolios that are very different from those of a decade ago.

GSK is shifting toward a more portfolio-based and customer-centric approach while building in greater flexibility.

"We're moving to a customer-centered world that reflects the drivers in the marketplace," says Dosanjh. "We're really looking to be less brand-focused and much more portfolio- and customer-focused, less about one-to-one and rep-to-rep selling and more about how we deal with the full needs of the customer from an account perspective."

Unbranded details and flex-forces

GSK boasts a strong respiratory portfolio, with asthma and COPD products including Advair, Flovent, Serevent and Ventolin.

"We have therapeutic options in each major class within the treatment regimen," says Dosanjh. "So, if you think about asthma and COPD, it's not about one product versus another. It's about the collection of treatment regimens per the guidance of NIH or FDA about how products should be used together that we try to support the usage of for our customers. So you're truly taking a health outcomes perspective and a patient focus in terms of how you communicate the value of your medicine, looking across your portfolio of products and understanding what the customer needs to treat their patients better."

GSK has put together a respiratory specialty team composed of physicians, pharmacists, NPs and PAs that offers healthcare professionals unbranded advice on asthma and COPD care. In oncology, the company has made helping patients with reimbursement a focal point.

"That can allow some patients to engage and have a better experience, which ultimately allows the providers and the payers to get the outcomes they're looking for as well," says Dosanjh.

This outcomes-oriented approach follows a trend in the healthcare marketplace that was accelerated by healthcare reform, says Dosanjh, including qualitative reimbursement for physicians and e-prescribing incentives aimed at better compliance with best practices.

Many companies are also taking more of an "account management" approach to sales, driven in part by consolidation among physicians and hospitals. There are 500 fewer hospitals in the US than there were a few years back, Dosanjh notes, while individual physician practices are increasingly scarce.

“As our customers aggregate into larger and larger entities, we need to understand the needs of their whole business,” says Dosanjh. “How they work, what are their needs outside of therapeutic options. This requires much more of an account-to-account or business-to-business relationship.” GSK is even looking outside of the industry to hire business-to-business sales specialists for its vaccines division.

Pharmas, says Rick Rosenthal of consultancy Health Strategies Group, are increasingly deploying reps in new roles.

“In specialty sales, we see growth on the institutional side of the business as hospitals organize into hospital systems and those integrated delivery networks become a very complex customer,” says Rosenthal, noting that half of physicians are now in practice groups and that the fastest-growing segment of that market is groups of 20-plus physicians. “It doesn’t make sense to approach them with one type of rep.”

Medical scientific liaisons are becoming an increasingly important component of professional promotion efforts, says Cegedim Relationship Management’s Neeraj Singhal, VP corporate strategy and business innovation, since physicians who might not make time for a sales rep are more likely to listen to their medical peers.

“If the rep doesn’t add any value, how do pharmas initiate a conversation with doctors? MSLs are one way,” says Singhal.

Companies are also dumping the top-down national approach in favor of a regional model. Pfizer, for example, has broken its sales force up into regional business units, giving each greater control over the products for which it’s responsible and allowing them to tailor promotion to regional needs. The Pacific Northwest, for example, is a managed care stronghold, requiring more of a focus



“If the rep doesn’t add any value, how do pharmas initiate a conversation with doctors? Medical scientific liaisons are one way to do it”

—Neeraj Singhal, Cegedim Relationship Management

on formularies than in the southeast.

Flexibility is a key part of GSK’s sales plan going forward. The company plans to hire reps on temporary contracts or for fewer hours in order to weather the increasingly unpredictable approvals process, unforeseen generic entries, safety issues and any other problems that might come up.

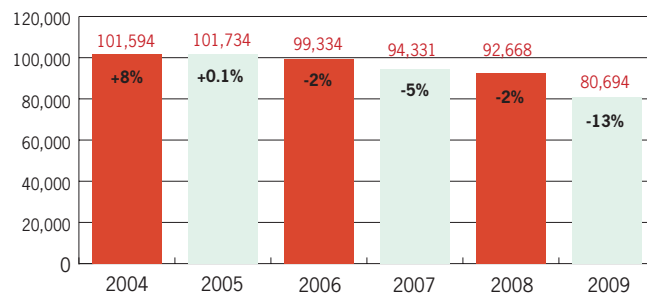
“Needs may vary from quarter-to-quarter or year-to-year because of the different rhythms of the business or the environment,” says Dosanjh. “So one of the things we’ve done is to build more flexibility into our customer-facing operations, because we’ve started to implement some new roles which is a pretty significant shift in our approach to hiring.”

Temporary reps “will allow us to quickly deploy where there’s areas of need for the customer,” says Dosanjh. “Also, if things change in the environment and there’s an unexpected generic entry or we can’t promote a product anymore, it lets us change quickly without disrupting the whole of the operation.”

Dosanjh couldn’t say what percentage of the company’s reps might one day be hired on a temporary basis, but he said it will be “significant” over the years. “By definition, 3% will not be enough,” he says. The temp rep approach seems especially well-suited to

Sales force numbers sliding fast

US sales force numbers are down by more than a fifth since peaking in 2005



Source: SDF's Sales Force Structures & Strategies

primary care products, and less so for specialty products, which are harder to hire for.

Getting non-personal

Some companies are weighing getting rid of personal promotion for past-their-prime primary care brands altogether. Earlier this year, AstraZeneca dispensed with virtually all of its Nexium sales team and replaced it with telephone call centers and a website.

“They’re trying to match the right resource to the right product,” says Amy Lombardi, executive director marketing at PDI. “Physicians have become increasingly resistant to having armies of reps waiting in their office for them. Reps are valued when they bring real value into their office instead of walking in with a canned presentation. Physicians understand statins. They don’t need a rep that has 10 or 15 years experience talking about a statin.”

For these products, non-personal and remote media like live chat or video detailing can offer a far cheaper and no less effective alternative. AstraZeneca last month launched a professional site for its Vimovo arthritis drug, vimovotouchpoints.com, that features live chat with AstraZeneca “account specialists,” basically online reps. As with Nexium, physicians can also order samples of the NSAID/PPI combo, which was approved in April and launched in September. They can also download patient savings cards and watch educational webcasts at the site.

“It really means 24/7 access for physicians to our important product info,” says Lisa Schoenberg, VP specialty care at AstraZeneca. “What we’re trying to do is, recognizing how busy our customers are these days, to ensure that our product information and services are available and convenient for them to use when and how they want to use it.”

The Vimovo.com rollout is a pilot of sorts for the platform, developed with Digitas, that will be tweaked and rolled out across the company’s products. But reps shouldn’t feel too threatened by their online counterparts. Schoenberg is bullish on the future of the old-fashioned, one-on-one detail. “The sales force is going to remain very core to what we do,” says Schoenberg, “Though I do think that with different product phases and life cycles, we can employ different techniques. There’s nothing like actually sitting down and having a conversation, even if it’s in the hallway, eye-to-eye with somebody and being able to engage with your customers, answer their questions and provide them with relevant information.” ■