



MEET... **FORMULARY FRED**

Fred's a really nice managed care guy. But does he have the right stuff to get your brand the preferred nod? **Kevin McDermott** explains how to make sure

Le me introduce you to Fred, a fictitious character. Overall, he's a really nice guy. Back in the late 1990s, when Fred entered the pharmaceutical industry, his recipe for selling success was 75% relationship and 25% content/expertise. That was perfect in his mind, as he came to pharmaceutical sales after a successful start selling office equipment. So working the office staff and socializing with his doctors was second nature.

Fred's rapport-building skills would lead to tremendous financial returns, as the line of blockbusters was long for him to choose from around the industry. He was good at working a room and wearing you down with his charm. Fred did well. But like those of his generation, he wanted more, and soon.

Fred landed an account manager position in the early 2000s and has been in it ever since. As a brand leader, do you have many people like Fred in this role today? If so, that should send a shiver throughout your entire being when you think about your brand's current and future performance.

The golden elixir (formulary access)

Now, you cannot blame all of this on Fred. You see, back when he was growing into the account manager role, his pharmacy director customers were in the glory days of their own industries: health plans and pharmacy benefit managers (PBMs) were making money. At the time, all that seemed to matter was winning the arms race for the most covered lives under pharmacy management.

Pharma was along for the ride, as second-tier formulary access was the golden elixir that lined the road to managed-markets prosperity. The art of the deal was to add your brand to the preferred three, four or even five agents that crowded the blockbuster categories. Fred (and his colleagues) did that by offering performance-based and even simple access-rebate agreements. Just getting in the game was the game, because what customers revered in Fred was the relationship and rebate dollars.

More than a decade later, changes in medical technology, economy and the demographics of disease changed the definition of value in the US healthcare industry—and quickly. What happened?

To start, simple financial-based decision making started to erode. The folks paying all the bills (employers, unions, state and federal governments) saw price escalation and inconsistent quality. Words like "comparative effectiveness," "appropriate use" (by patient-type) and "outcomes" started to creep into the conversations between Fred and his customers. Suddenly Fred's approach to managed markets success was being fundamentally challenged. The challenge today—your challenge—is to find out if Fred and his friends can make the

jump to this new marketplace at the same pace as his customers.

Must-haves for the managed markets team

So here you sit with aggressive revenue plans, shrinking sales representative access and the specter of healthcare reform hovering over your brand. Will Fred and the rest of your account management team be ready to take you through the next one-to-three years? Let's look at the criteria for near-term success:

■ Access: Just like sales reps' targets, those of account managers are also reducing access. Fred needs new information and insights on how his brand is performing and adding value. Think about Fred's challenge as knocking on the front door of your company, and his task as getting access to your president/CEO—not easy by any

means and possibly even tougher at the customer. How much of your brand's budget goes toward keeping Fred in front of his customer promoting your product? The rebate should be enough you say, right? Not anymore.

■ Sales force allegiance: Are Fred (your account manager) and sales aligned and in agreement on what success looks like? Or, does Fred keep sales at a distance from the account because he's afraid some rogue rep is going to call up the health plan's CEO and rail on him/her for access? Fred needs to be linked with sales leadership. How many of Fred's accounts have ever met a sales leader? Given the hyper competitive environment, it's more

important than ever that if you get the preferred "nod," that the account meets the leadership who will translate that access to success at the physician level.

■ Marketing mindset: Brand leaders know they have to bring a marketing "mix" to effectively reach a customer. In managed markets terms, this isn't necessarily a blend of print, personal and social media, but rather a mix of health economic, clinical benefits and safety, and a roll-up of all that into a portfolio of "value" messages. Each customer has multiple decision makers that need to hear a story about your brand that matches up with what they hold important. Can Fred define what those are? More importantly, can he plan and execute a plan to make sure each is on a path to appreciate and support your brand's core position?

The above items will help you understand and appreciate your in-line challenges, but what about new products in phase III? Is Fred the guy to analyze the impact of your new product or device and assist in its eventual launch? It depends. In this instance, check your account manager team for a few more must-haves:

■ Population health management mentality: Products in this arena have to make a difference by combining more than just safety and



efficacy. An understanding and engagement in the account's care-management processes is critical. Is Fred making your development and medical teams aware of the naturalistic state of treatment and evaluation today?

■ Superlative competitive intelligence: You can't always be first to market. What the competition does prior to your arrival can be devastating to your launch. There is a lot of publically available information—make sure Fred keeps his ear to the ground and gets involved.

You'll also have to ask yourself, "Am I making the right rate of investment in this aspect of my promotional team to make them successful?" Remember, most account manager teams have spent their lives fighting for your respect and your money. Many times you invest in the account manager marketing teams "just enough" to get a few partnerships going, probably because you "blame" them for your rebate line. Sound familiar? Anything beyond rebates isn't seen as critical. That bias has to change or you will fall victim to missed opportunities.

For instance, the things that your "bill paying" customers' programs do (like PBMs and retailers) is connect to the initiative's ultimate implementer (whether a physician, nurse or pharmacist) with a corporate entity that has leverage. Those implementers know that someone is going to give them feedback if they don't toe the company line.

The death of branding

Believe it or not, branding's death (in front of payer customers) probably came from an early managed care advisory board in the 1990s. Some advisor complained of things being too Madison Avenue, and voilà: the attitude of "don't you dare try to brand me" began.

Never forget that every customer is a consumer. Sure, managed markets customers want different evidence to make their decisions, but they also want to know there is some marketing muscle behind a brand they are being asked to support. My message: Don't be shy. Brand communications—even patient-focused education materials like those above—are critical.

In today's crowded professional world of competing priorities, account managers need every edge they can get to broaden participation and results. Don't get me wrong, branded programs that come from your agency or specialized third parties can (and often do) work. What Fred's contacts can do is better target your efforts and help link your company's programs to actual patient outcomes.

Creating competencies

So what can you do? First, sit down with your organization's account management leaders on a regular basis. Don't just look at the market shares and rebates. Examine the people that are accountable to



represent your brand. Ask yourself the following:

■ How many of the account managers have a well-rounded background? My estimate is less than 15% of today's account managers have a strong balance. You must insist that these employees connect with their accounts on their new value definitions. If this combination isn't common, commit your training plan to create the competencies.

■ Do your account managers know the company or brand messages? Consistently communicating and reinforcing key messages is critical to making an impact (see sidebar).

And here are a few for you:

■ Do you know Fred's top clinical and business leadership like you (and your team) know physician KOLs? I know, I know. You are asking, "Really? Aren't all these payer-types just ruthless business people?" These customers can shape significant portions of revenue line. Get to know the top five.

■ Are your incentives aligned with those of account management? No?

Don't worry, most are not, but the great organizations are obtaining greater alignment, and that rate is increasing. A good starting point is a joint decision-making group for contracts.

■ Have you experienced or worked within managed markets directly? If not, consider a lateral move or special project/preceptorship. You need to understand the business end of things, as loyalty and success from customers can be fickle. If you are a physician market "purist" (meaning no managed markets experience) you might not be as successful over time as the very physicians you claim to know are changing their decision-making criteria—and it's starting to look more and more like a health plan's.

I am blessed every day to see account managers that have developed and moved right along the continuum to protect my company's interests and who consistently exceed the expectations of their customers. What worries me is that other companies don't take the time necessary nor do they reinvest resources appropriately to improve their own game. The consequence of this short-sighted approach could potentially blow physical access for all of us at a key account. It's happened in a few places already and you should be annoyed. It's not good for our business, and it's not good for patients.

How did this happen? Well, in the old way of doing things, Fred was directly involved. The industry wasted enough of our customers' time that the entire industry got tossed out with a bad rap. Now customers solely rely on their own methods of information gathering to make decisions about your product.

Doesn't that make you nervous? It ought to startle you into action. Whether you are a marketing, sales or managed markets leader, take note that your highest skilled individuals need to be in front of these accounts. ■

Kevin McDermott is VP, managed markets, Daiichi Sankyo, Inc.