CONTRACT SELLING

- The new market dynamics
- Why outsource?
- Which type of CSO team?
- Ensuring a robust RoI

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SEGMENTATION, TARGETING AND FORECASTING

One major key to success will be your ability to identify, appeal and communicate with differentiated segments. Find out how you can...

A powerful way to understand markets is to view them as made up from people with differing needs. Many of these needs are understood and fulfilled by suppliers, the better these suppliers are suited to their needs, the greater the success of physicians and patients in gaining access to products that suit their needs. Understanding what makes up the best doers (referring to sales), though these are all important.

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Consider the treatment of type II diabetes. The idea of segmenting customers in pharmaceutical markets, success and the way that allows them to be better understood in terms of all these characteristics, in a way that allows them to be better understood in the most relevant and effective way. The idea of segmenting customers in this way dates back to the 1950s when many physicians were classified in terms of their knowledge, experience, the way they work, the demographic profile of the patients they serve, and so on. All this points to the value of ad hoc market research as a tool for segmenting the market.

The content of the data determines the depth of segmentation that is possible, and how it relates to groups defined wholly in functional terms. We can, for example, classify physicians in terms of the products they currently choose to prescribe and relate these to their level of experience, the institution setting in which they work, the demographic profile of the patients they serve, and so on. All this points to the value of ad hoc market research as a tool for segmenting the market.

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BUILDING EVIDENCE-BASED FORECASTING MODELS

A forecast is what we reason to be the most likely outcome, based on assumptions and applied resources. The potential inputs from segmentation research will be to develop regular models and forecasts that enable the development of the final segments.

To construct effective forecasting models, the marketer needs to establish:

1. A forecast template
2. The underlying data
3. A rigorous approach to model estimation
4. Principles of good judgement
5. Sense checks

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Creating a Good Forecasting Model

A forecasting model needs to be robust and logical. To do this, the model needs to:

1. Be based on a single set of assumptions
2. Be transparent and logical
3. Be consistent
4. Be adapted to take into account the importance of different variables
5. Be applied to a large population

Implementing Targeting Solutions with the Sales Force

An important output of segmentation research will be to develop regular reports that enable the development of the final segments. The sales representatives will then be able to target specific sub-groups of the market knowledge and experience with the technical expertise of the statistician to develop summary records and profiles of the market.

Inputs from segmentation research can be very useful for improved forecasting and product development. The information obtained from the sales representatives and physicians is the most important piece of information.

An important output of segmentation research will be to develop regular reports that enable the development of the final segments. The sales representatives will then be able to target specific sub-groups of the market knowledge and experience with the technical expertise of the statistician to develop summary records and profiles of the market.
For many pharmaceutical companies, selling is no longer about deploying a large, in-house sales team that can saturate the market with noise about the latest and greatest treatment for the masses. Rather, companies are looking to remain focused on their core competency of developing and marketing valuable medicines, but turning to contract sales organisations to speak directly to the right people about their brands.

Traditional pharmaceutical sales models, characterised by share of voice, are rapidly being replaced by a new generation sales model that responds to the combination of an increasingly discriminating NHS customer and a simultaneous reduction in potential blockbuster NCEs in the pipeline. This new model places a higher regard for targeting sales efforts at experienced, capable representatives who already know and have a relationship with the key decision makers in the customer’s organisation. This requires contract sales organisations to target sales efforts at the right people with the right products. 

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Hiring a contract dedicated sales team is the closest thing a pharmaceutical company can get to having its own internal sales force. These teams promote only the products belonging to the client – basically, an internal sales team without the headcount on the company’s books. These teams are any size – from a small and highly focused team of 3 to 100 or more.

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**SYNDICATED SALES TEAMS**

Syndicated sales teams operate with a maximum of three clients and promote up to three non-competing brands at any one time. Typically, pharmaceutical companies utilise a syndicated sales team when they are in need of additional national resources. For example, a company may require additional sales muscle to communicate the launch of an important new product or perhaps some breakthrough external data. This is a cost-effective resource solution because the cost of running and managing a sales team is shared between the companies that utilise these sales representatives.

**Hiring a contract dedicated sales team**

Hiring a contract dedicated sales team is the closest thing a pharmaceutical company can get to having its own internal sales force on its books.
ACCOUNT MANAGER SALES TEAMS

Contract account managers are the minimum level of outsourcing that pharmaceutical companies require very often in their quest to move the right people and their existing relationships with key opinion leaders forward. This is achieved by clearly defining the sales teams' responsibility to respond to marketplace changes, such as regulatory and reimbursement changes. Once a hot spots or seasonal product strategy has been defined, a sales team can be assigned to the product. Since sales teams are made up of individuals with diverse backgrounds, they can identify key opinion leader development, and strategies for promoting non-competing brands. Research shows that a relatively small percentage of sales calls result in a sale, which is why companies now look at measuring sales force performance to ensure that they are achieving their objectives. This is where the concept of measuring success comes in. There are several research models available to pharmaceutical companies that can help them achieve the most effective outsourcing model.

NURSE ADVISOR TEAMS

A feature about outsourcing that isn’t complete without a mention is contract nurse advisor teams. Although nurse advisor teams can be managed at the corporate level, the need for nurse advisors is ever-present, and can usually be found in all segments of the pharmaceutical industry. Nurse advisors are often called upon to educate prescribers around a specific disease area. As nurse advisor teams are most often called upon to educate prescribers around a specific disease area, they are often used as a strategic deployment of flexible sales teams, and can be used to respond to unfavourable conditions and situations. Nurse advisor teams are also often referred to as nurse sales teams and are sometimes referred to as nurse consultant teams.
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Choosing a contract sales organisation

1. What is the aim of the team?
   It is vital to be 100 per cent clear from the outset on what you want the team to achieve. Importantly, do not be constrained by traditional thinking if you want to get the best ROI from your additional contracted sales resource. Be very specific about how the team will fit into your marketing strategy. What will success look like and what ROI are you expecting?

2. What type of team do you want?
   Define the type of contract sales team that will work most effectively for you and give you the best ROI. (As a first stage, refer to the options on pages 09 and 10.)

3. What is your budget?
   Clarify with the supplier exactly what is included and excluded to set budgets. Be realistic about your spend. Managing the budget effectively will be critical in maximising ROI.

4. Finding the right agency
   If you get the right supplier you are halfway there. Not all CSOs are the same. The company vision and culture of one organisation may fit your business needs better than another. The first thing to remember is that big isn’t always best. The critical aspect is whether they will get you the right people. So pick an agency which has a strong, proven recruitment function. Make sure that you and the supplier are a cultural fit.

5. Preparing the brief
   This needs to be realistic, detailed and clearly communicated to all parties involved. Try to include:
   • Objectives
   • Outcomes
   • Project management relationship
   • Critical timelines
   • All relevant product and company information
   • Selection criteria
   Allow time for face-to-face contact to help the supplier really understand your needs. Getting the brief right will allow you to differentiate between suppliers and see who can best deliver on your aims.

6. The pitch day
   Try and get all companies to pitch on the same day. Circulate the brief and other relevant information to key decision makers beforehand so they have adequate time to prepare. Make sure all the key decision makers are present and clear a session with all the key stakeholders at the end of the day to assess all the pitches while they are fresh in your mind. Extra time and effort spent by all relevant stakeholders now will pay dividends over the course of the project.

7. How will we work together?
   Ensure service level agreement for both parties includes:
   • Level and type of communication for all involved
   • Project review timelines
   • Measurement, eg target rates, ROI, sales targets, bonus
   • Ensure all agreements are cascaded down to the field and monitored for adherence.
   Getting a clear understanding of relevant responsibilities reduces misunderstandings and fosters an excellent working relationship. This, in turn, should lead to quicker and improved results.

8. Communication plan
   Ensure all key stakeholders are informed of the project plans. Cascade this down through first line managers in a timely manner. Make sure your supplier is flexible enough to fit in with your needs. Identify a project manager from both sides to ensure delivery of objectives.
   The success of the project can often come down to communication, at all stages. Therefore, ensure clear and concise communication of the aims, objectives and expected outcomes to all parties. Maintain regular, clear communication throughout the project.
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Maintaining the relationship

**ACTION**

1. **Strategic plan and direction**
   - You will have made one of the most important parts of this process – is it still relevant and up to date?
   - Has the market changed, or have the drivers that this process may have started with?
   - What do you think is relevant for the future of the area?

2. **Working with a CSO provider**
   - Make sure the business plan is robust, clear, well documented and that CSO resources have read and seen it from day one.
   - Make sure the plan makes sense, that it is SMART and simple enough for day-to-day use by everyone involved.
   - Find involvement you want in some of the major decisions. Agree decision-making criteria
   - Make sure all contracts are checked and approved. Check that they are included with cost returns if they are not meets.

3. **Company involvement**
   - Who is doing what? Get specific about who is responsible for each task.
   - Materials – who is providing them, you or the CSO? They need to be created, which with approvals can take a number of weeks.

4. **Things to think about**
   - Are there any added value services that you want?
   - Plan any potential exit options carefully so they can be smoothly put into operation if they are needed.
   - Keep the lines of communication clear and do you know the status of the key people?

5. **Delivering**
   - Are they a really valuable resource? Make sure you ask yourself all the time – are they delivering?
   - Most of all, are they delivering the right things in the right format for your company?

The Author

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This case study involves a large pharmaceutical company that had once enjoyed the consumer focus of smoking cessation products, but had subsequently seen the product become market leader. The pharmaceutical side of the business had a very strong profile audience as closely this client now wanted to purchase GSL in supermarkets and pharmacies. It was vital that practice nurses who actually ran clinics were identified and communicated with.

The client felt that they now wanted a more dedicated approach, where they could have complete control over the practice nurse population in general. They wanted to ensure they were capitalising on potential in primary care. Our target audience was only those practice nurses who ran clinics for the appropriate disease area, rather than the practice nurse population in general.

The team was increased to 36 representatives with three regional managers. After eight months the team continued to increase and have exceeded £75M.

1. Whilst the pharmaceutical side of the business had a very strong profile audience, closer to prescribers, the practice nurse population in general was not so engaged. The team was increased in size so that it also included a co-funded CSO team of 35, all of whom were responsible for detailing the product. The team continues to detail to decision makers and that smoking cessation clinics where the product became market leader had a changed structure some four years ago. It became very evident quickly that GPs at this stage where seen as the most likely source of prescribing product.

2. Faced with this decision and two other competitor products already in the marketplace, the consumer had no real experience of detailing or selling in the prescription market.

3. As well as selling the product into the target market, the client had previously tried a syndicated option, with some limited success. On the back of a new product launch and some significant contract wins they needed greater resource in primary care to ensure that the practice nurse population was identified and communicated with.

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Results

After a successful pilot, the contract has been extended for another year and the team has continued to increase and have exceeded £75M.

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Conquering new ground

How PM Group helped secure support and sales
new specialist area with its proposed solution:

The client company is a niche US biopharmaceutical company which was due to launch a first in class antibiotic against MRSA. This was a new therapeutic area for the company and one that they had neither commercial and technical experience in.

Challenges

1. There had been no pre-launch work carried out anywhere in the UK, as much of the development work had been carried out overseas.
2. There were technical issues that needed to be addressed around how pathology labs would screen for sensitivity to MRSA. This was a new therapeutic area for the company and one which was due to launch a first in class antibiotic active against MRSA. This was a new therapeutic area for the company and one that they had limited commercial and technical experience in.
3. There was very limited knowledge of this therapeutic area within the organisation.

Solution

PM Group worked with the client to develop a new role of medical liaison specialist. This included the development of the job profile, supporting commercial and key performance indicators as well as a training programme for the first of microbiologists with specific experience in antimicrobials, many with a PhD recruited and deployed with the sales team.

Results

A new software tool, Tableau 3.0 (released in May 2007), was used for this project. Tableau 3.0 very quickly enabled them to display 20 or more territories’ sales trends, in a single view on the desktop. As a result, it was easy to visulise which territories have the greatest sales, largest predicted increases / decreases and to compare different time periods. The real strength of this software, however, is that it also allows a third dimension to be added in: a thematic colour on the chart series, which really helps visualise the impact of unworked territories, along with two sets of trends, on the chart series, which really helps visualise the impact.

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