

Reprint

Putting the Customer Back in Customer Relationship Management

By Jim Lenskold

There was an underlying theme throughout the series of presentations at the eyeforpharma **Pharma Sales Effectiveness USA** Conference held in Philadelphia on October 30 and 31, 2003: The current sales model is not working and will continue to lose effectiveness. Enough with putting more reps in the field; **the sales model for this industry must change**. Those companies that recognize this and respond with new solutions have the opportunity to gain a significant advantage in winning quality physician access.

Derek Evans, Vice President, Global Solutions Marketing at Dendrite International added his thoughts on the challenges to sales rep productivity at a workshop entitled "Putting the Customer back in Customer Relationship Management." In addition to reinforcing the problems of too many reps, limited physician access, and physician dissatisfaction with the reps' level of knowledge, Evans emphasized the compound effect of excessive focus on high prescribers and the restrictions of formularies and government regulations.

The Physician-Rep Relationship

The healthcare "ecosystem" in Evans terms exists around the relationships between doctors, patients, and payers. Doctors have the greatest influence over healthcare delivery and are therefore the primary target for pharmaceutical companies. An average of 30% of revenue is directed to sales and marketing and of that, 75% goes to supporting sales reps. Since for most companies adding more reps is no longer a viable option, the only way to maintain and grow the most prominent sales channel is help reps become more effective. This must be done by strengthening the relationship between the rep and the physician.

Companies that understand the benefits of enhancing relationship quality must certainly consider Customer Relationship Management (CRM) systems as part of the solution. According to Evans, "CRM is more about infrastructure and

shared services than buying an application suite. The most critical component of CRM is establishing a single, centralized customer record, which is very relevant to the needs of pharmaceutical companies." Companies must learn more about the needs and preference of each individual physician and apply this in such a way that adds value to the physician.

Focus on Field Rep

- Pharmaceutical companies spend more than 30% of gross revenue on Sales and Marketing
- Sales Rep expenditures account for approx. 75% of the sales and marketing budget
- 70% of prescribers say they are influenced by rep detail calls
- US Pharma rep population continues to increase (est. 95,000 in 2003)

Evans presented three stages of building "customer intimacy."

1. Understand the doctor's critical behavior
2. Make all interactions relevant for the doctor
3. Manage the relationship effectively

Understanding Critical Behaviors

The first step is getting an accurate and integrated view of the physician and his or her behaviors. Greater insight into prescribing events through longitudinal prescription data can help segment the base of physicians and shape the sales approach for each segment. Influencers and thought leaders must be identified in order to appropriately guide sales efforts. Sophisticated promotional response analysis is also beneficial to establish an understanding of the potential value of sales contacts.

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Make Interactions Relevant

Improved segmentation allows more precise targeting where promotional messages can be designed to have greater relevancy to the doctor's interests. With more detailed physician information, sales tactics can be mapped to real-time market events, especially for new products or events that require an immediate response. Capturing information on all interactions also prepares the sales rep for adding value to the relationship. For example, if a physician calls the company with product questions, the sales rep can apply this knowledge to guide the next conversation. Evans presents this step of making each contact more relevant as "marketing to a segment of one."

"Market to a segment of one."

Manage Relationship Effectively

As more knowledge is gained and communications become more relevant, the opportunity exists to further improve relationship effectiveness.

Companies using a CRM system will be better positioned to coordinate all channel activities and initiate appropriate marketing programs. CRM also allows companies to institutionalize the customer feedback loop, an approach that offers many benefits in customer retention, product development, and competitive positioning.

The philosophy behind CRM and creating "customer intimacy" is to better serve the customer. In the case of physicians in today's environment, they are more than ready to accept relevant information. Sales reps will be in a better position to provide such information as they understand, manage, and apply new insights to meet physician's needs. There is an opportunity to move from pushing "face-time" to building relationships that offer mutual value.

Pharma Marketing News

Contributing Author

We thank the following writers for contributing articles for this issue.

- **Jim Lenskold**, President, Lenskold Group, (973) 984-7018, jlenskold@lenskold.com

Experts Consulted and/or Cited In Articles

The following experts were mentioned or consulted in the preparation of articles for this issue.

- **Derek Evans**, Vice President, Global Solutions Marketing, Dendrite International, (908) 541-5819, derek.evans@dendrite.com

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Publisher & Executive Editor
John Mack

VirSci Corporation

www.virsci.com

PO Box 760

Newtown, PA 18940

215-504-4164, 215-504-5739 FAX

<mailto:editor@pharmamarketingnews.com>
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