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FINDING THE “RIGHT STUFF” TO REVITALIZE SALES PRODUCTIVITY

By Jim Lenskold

Declining sales force productivity is a major issue on the minds of sales managers and corporate executives of pharmaceutical companies large and small. More and more physicians are limiting face time and closing their doors to sales reps.

The nature of sales detailing has changed over the years and the time has come to reassess the process and potential of this sales channel.

The solution, as presented by Hossam Sadek, VP of Sales Force Effectiveness, IMS Health, at the eye-for-pharma Pharma Sales Effectiveness USA 2003 conference held in Philadelphia, PA in October, 2003, is for pharmaceutical sales management to place greater attention on the quality of the physician-rep relationship than on traditional representative activity metrics such as number of calls per day. By focusing on relationships and the metrics that drive relationships, pharmaceutical companies enable their reps to deliver tailored messages that truly impact the prescribers in their territory.

Two industry trends have a dramatic impact on sales effectiveness:

1. the dramatic increase in the number of sales reps (51% since 1997) leading to less experienced, younger sales forces (average age of a US rep is 26), and
2. the decrease in productivity per rep (24% since 1996)

Pharmaceutical companies today have such a tight window of time to recover significant investments into R&D. Market exclusivity is getting shorter and putting more pressure on sales and marketing.

Adding Reps Doesn't Improve Success Rate

The only proven solution to accelerate sales has been adding reps. However, IMS' industry analysis

shows that the growth rate of successful sales calls is significantly lower than the growth rate of sales reps (24% since 1996)—meaning the incremental calls per rep has been less and less each year (808 in 1996; 529 in 2001). Training and skill development of sales reps has also not kept pace due to high turnover (~18% of reps turnover each year), negatively impacting the quality of the physician visit.

The underlying problem is evident when looking at current sales practices from the physician's perspective. “Physicians want trusted rep relationships for access to objective scientific data, patient case studies, and connections to thought leaders and other physicians,” said Sadek. Instead, they are getting bombarded with non-stop visits from reps that cannot give them the information they need. Success will come when reps and the metrics they are managed by are aligned with physicians' true motivators.

Traditional Metrics Don't Measure Value

“Sales metrics drive behaviors and traditional metrics are leading the industry down the path of decreasing productivity,” indicates Sadek. “For example, a measure such as the number of minutes spent with a physician does not indicate the quality or value of that contact. However, measuring how often a physician consults a company's resources for product information can provide much better insight into the effectiveness of the contact.”

Segmentation of Physicians is Key

Marketing to physicians must also be reassessed. “The days of bombarding the physician with multiple reps are gone,” says Sadek. “Companies can't send the same message to all physicians, five times per day and expect to make an impact.” The time has come to progress from the quantity of contacts to the quality of relationships. And the

most critical step for making this transition is segmenting physicians based on their individual needs and preferences.

Sadek offered three primary areas that drive effective segmentation approaches—physician behaviors, longitudinal insight and attitudes. Traditional segmentation approaches have primarily concentrated on physician behaviors

Utilizing advanced predictive modeling techniques and access to its extensive databases, IMS is able to achieve a predictive accuracy of approximately 85% vs. an industry standard (for attitudinal-based segments) of 60%.

For each segment, companies should prepare a distinct marketing approach and sales plan that incorporate “the right stuff” (see Table 1, Pg. 10).

Table 1 “The Right Stuff” for More Productive Selling

1. **Right Customers** – Segmenting physicians in such a way that is actionable and prioritizes true opportunities.
2. **Right Frequency** – Finding how often each physician segment should be contacted and through what channels.
3. **Right Message** – Choosing which message best matches the individual priorities of the physician.
4. **Right Size** – Identifying how many sales reps are truly needed.
5. **Right Deployment** – Appropriately setting up territories to support this sales model.
6. **Right Training** – Shifting the focus to the quality of the relationship.
7. **Right Tools** – Keeping the sales rep focused on selling and not reporting.
8. **Right Motivation** – Setting the metrics and compensation to support the right behaviors.

alone, partially due to the difficulty projecting attitude-based segment membership to an every prescriber in every territory.

According to Sadek, it is the corporate decision to take that first step of enhancing an existing sales process that, even with its imperfections, is the primary, known sales driver. Caution on the part of the pharmaceutical companies makes sense, given that managing such a change in the culture and approach of the sales force is no small task. Based on the sound logic behind a sales model that meets physicians’ needs, the potential upside in value, and the current trends in decreasing productivity, a relationship model cannot be ignored for long.

Barriers Remain

So what is the greatest barrier to adopting a sales approach that physicians are likely to embrace? IMS Health is already working with a number of clients to pilot this relationship-driven approach. Sadek is hopeful that motivation for change will come from the industry itself and not from physician groups. He anticipates that “the tipping point will come as these pilot projects objectively prove their value and clearly justify a business case for full scale rollout.”

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