



A&M INSIGHTS

Pharma marketing

Integrated communication's rule for success:
you can't manage what you can't measure

What is the context?

The pharmaceutical industry knows it has to re-shape its marketing to meet changing customer needs, increasingly restricted access to prescribers and growing financial pressures. The traditional model doesn't fly anymore. This article discusses the challenges and suggests a way forward, using an approach called Commercial Spend Productivity and a tool called Market Contact Audit (MCA[®]), a tool offered by Alvarez & Marsal's analytics partner, Integration.

Pharma marketing needs to move from managing a sales force to delivering a multi-dimensional, integrated communications plan. However, our experience is that most companies are struggling to understand which of the new channels are most effective, how they can compare each channel and relative to the sales force, and how to combine them to build an effective integrated plan.

On top of that, the pharmaceutical industry is not known for being the most efficient at managing the sourcing of the marketing spend. Often, we find a dispersed set of decision centres driven by product oriented silo's or geographical entities claiming uniqueness due to legislation. We recognise the legal context, but we don't agree that this inevitably needs to lead to inefficiencies.



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What is the challenge?

Just as the sourcing is dispersed, so the marketing insights are disjointed. The reason that so many managers are not satisfied is that not only do they have to (re-)invent the right dashboard repeatedly, the measurement tools being used are just not up to the job. Typically, they fall into two camps:

- Modelling: i.e. mathematics using existing data sources to derive a line of sight from activities to sales.
- Process auditing: i.e. tracking a brand's behavior from strategy through to the execution plan in the market, to understand if the strategy was actually delivered to customers.

Both of these techniques deliver a lot of value to managers, but they don't provide a complete answer because they leave crucial knowledge gaps.

Modelling has two major limitations (even if you buy into the mathematics). The first is that it doesn't encourage innovation – in fact it often ignores it. That's because a model can't tell you anything about things you haven't already done (or that might be too small to shift the needle). So how does this impact managers? It makes life harder for innovators, because they have to fall back on flaky metrics that don't convince management. The second is that modelling is inevitably inward looking i.e. what did MY activities achieve among MY customers? Managers will miss competitive threats until it is too late, and fail to see opportunities to engage with customers in the future.

Process audits need less explanation – they are measuring activities, not outcomes. Any manager knows that if you set your priorities based on this, there is a huge risk that you end up focusing on what you **like** doing, rather than what works and what **needs** doing.

Just to be clear, both of these techniques do have a lot to offer for refining and delivering your current execution. They are not the tools to achieve a more integrated and innovative communications program.

What can you do to improve?

Our approach consists of two parts. A qualitative part that addresses the gaps in processes and strategic alignment based on interviews with internal stakeholders, and benchmarks. While it is relatively easy to make short-term performance improvements, the challenge is how to create value and sustain growth over the long-term. This requires leadership to effect changes to behaviours and ways of working, underpinned by fact-based insights about what activities are working and why. CEOs, CFOs and sales and marketing directors are increasingly asking the following five questions:

- 1 Where do growth opportunities lie and how can we be more focused on realizing them?
- 2 Are we spending the right amount on sales and marketing to grow our brands and overall business?
- 3 Can we reduce our commercial spend through effectiveness and efficiency gains without adversely impacting on our strategies and top-line growth?
- 4 Are we investing behind the right touchpoints and marketing activities to drive sales of the right brands in the right channels and outlets on the right terms?
- 5 How can we instil greater accountability for commercial outcomes and financial results?

Answering these questions requires a quantitative as well as a qualitative lens. The quantitative part consists of deploying Market Contact Audit® (MCA®). It is an approach that is widely used across many industries and has now been validated in Pharmaceuticals, so we know it works. [In this short clip](#), Tim Bailey (ex-Head of Global Marketing Academy at Astra Zeneca) talks about using MCA.

MCA provides quantitative metrics to help you understand the relative influence of your marketing communications activities, how effectively you are deploying them relative to your competitors and whether budgets are being well spent. This allows you to make more informed decisions to improve performance.

After running about 100 studies around the world we can see some patterns emerging that show managers where the opportunities are, and how to avoid making important mistakes. Here are three examples:



1 Sales Reps are NOT dead! But they are changing...

Face-to-face detailing remains critical, particularly in the early stages of a brand's lifecycle. However, when the rep's role is reduced to a courtesy call or re-stocking the practice with samples and materials, it is time to re-deploy resources. Companies need to plan smarter, so their most valuable assets aren't wasted. That's when looking at new ways to deliver face-to-face coverage, and examining other relationship building techniques are vital. MCA helps identify the smartest ways to re-deploy resources and make new connections.

2 Help doctors use the web to be better professionals...

How do we get doctors to engage with us via web-based programs? The answer: support them in being a better professional. We have consistently found that techniques like email (even opt-in programs) and tele-marketing often are not being used in an effective or efficient way, and they don't help brands to stand out or build relationships. However, when brands offer programs for continued professional development via the web, or they provide online forums that enable peer-to-peer dialogue, these are valued and bring a lot of benefits to the brands and companies delivering them. MCA helps make sense of the digital space, by identifying what makes a difference to our customers.

3 Even small things make a big difference, when they are integrated...

We see good examples of small, innovative pilots that are measurably making a difference i.e. they are helping a brand stand out and be appreciated by doctors. The most effective ones are designed and executed in an integrated way, for instance both contacts and content are combined to produce a valuable customer journey. We also see examples where that isn't happening! Activities delivered in a fragmented, silo-driven way run the risk of making little or no impact, which is damaging for the marketing team, the innovation program, and the company. MCA helps identify when pilot programs are working, so we know where to apply resources to scale up.





Why call upon A&M?

Alvarez & Marsal brings experienced operators who have held previous commercial and operational leadership roles to the table. We deliver and work hands-on with our clients. We know where to look to identify and validate improvement opportunities that enable businesses to deliver rapid performance improvements. We are skilled in creating buy-in from leadership and commercial teams. We know how to embed and sustain the required changes in behaviour and ways of working. In addition, we help instill a sense of urgency to address opportunities that management has often been aware of for some time but are still largely unrealised and deemed as 'too difficult'. We achieve this by challenging objectively, active hands-on support and focusing on truly understanding how commercial investment ultimately converts customer and consumer engagement into increased sales and profits.

In summary

Investors and management teams are increasingly interested in ensuring that the same rigor is applied to commercial spend decisions as it is to other areas of the business. Alvarez & Marsal can help identify and validate improvement opportunities in commercial spend, create the required buy-in from management and commercial teams, enable businesses to deliver results at pace, and help embed and sustain the required changes in commercial working practices.

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Companies, investors and government entities around the world turn to Alvarez & Marsal (A&M) when conventional approaches are not enough to make change and achieve results. Privately held since its founding in 1983, A&M is a leading global professional services firm that provides advisory, business performance improvement and turnaround management services.

With over 3000 people across four continents, we deliver tangible results for corporates, boards, private equity firms, law firms and government agencies facing complex challenges. Our senior leaders, and their teams, help organizations transform operations, catapult growth and accelerate results through decisive action. Comprised of experienced operators, world-class consultants, former regulators and industry authorities, A&M leverages its restructuring heritage to turn change into a strategic business asset, manage risk and unlock value at every stage of growth.

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