

Best-in-Class Pharma Field Force Organization

Concepts

Methods

Tools

**The Smart Field Force
Framework**

April 2018



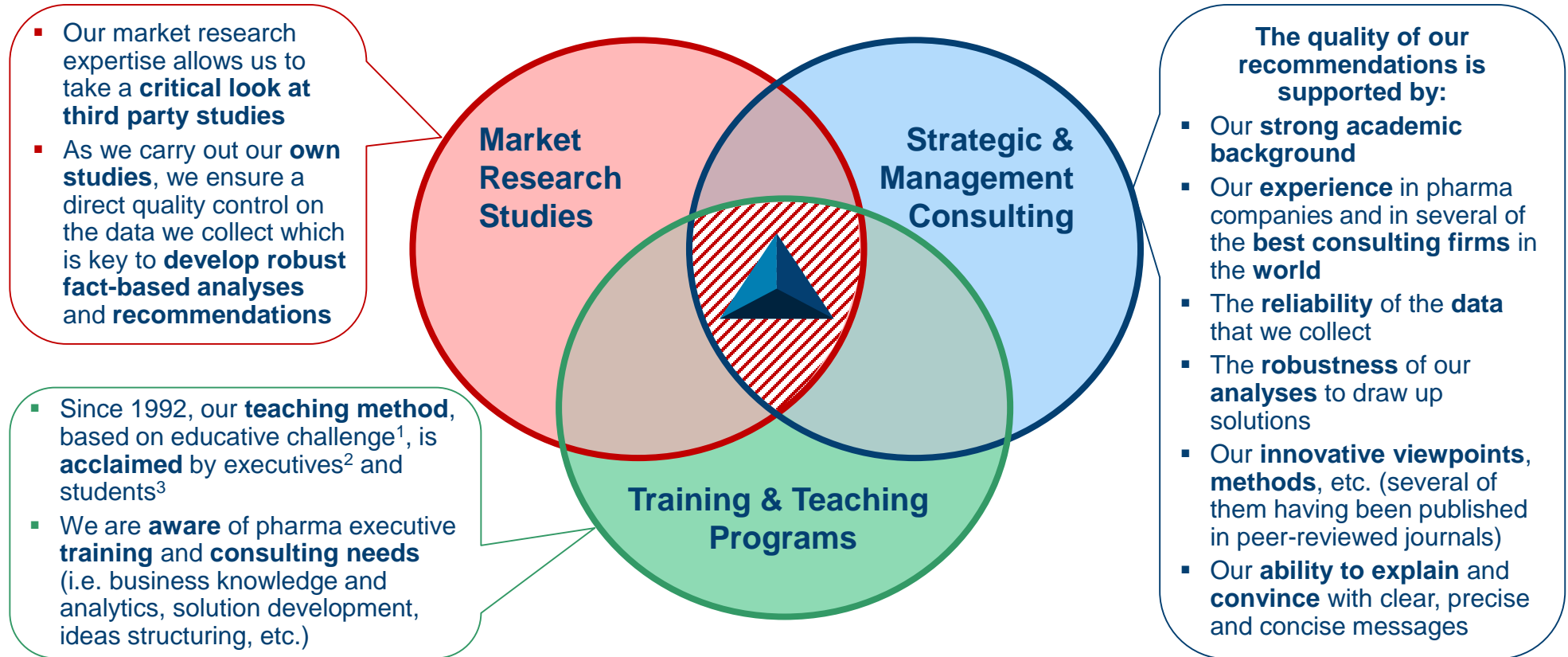
***Smart Pharma
Consulting***

Table of Contents

Smart Pharma Expertise	p.3
1. Field Force Organization	p.6
▪ Introduction	
▪ Methodology: Smart Field Force Framework	
▪ Step 1: Strategic Square	
▪ Step 2: Strategic Objective	
▪ Step 3: Strategic Model	
▪ Step 4: Key Tactics	
▪ Step 5: Organizational Model	
▪ Step 6: Expected Outcomes	
2. Field Force Change Management	p.35
3. Key Learnings	p.38
Smart Pharma Consulting Services	p.39

Our triple expertise provides us with a unique positioning on the consulting market and enables us to create synergies to deliver our clients smarter services

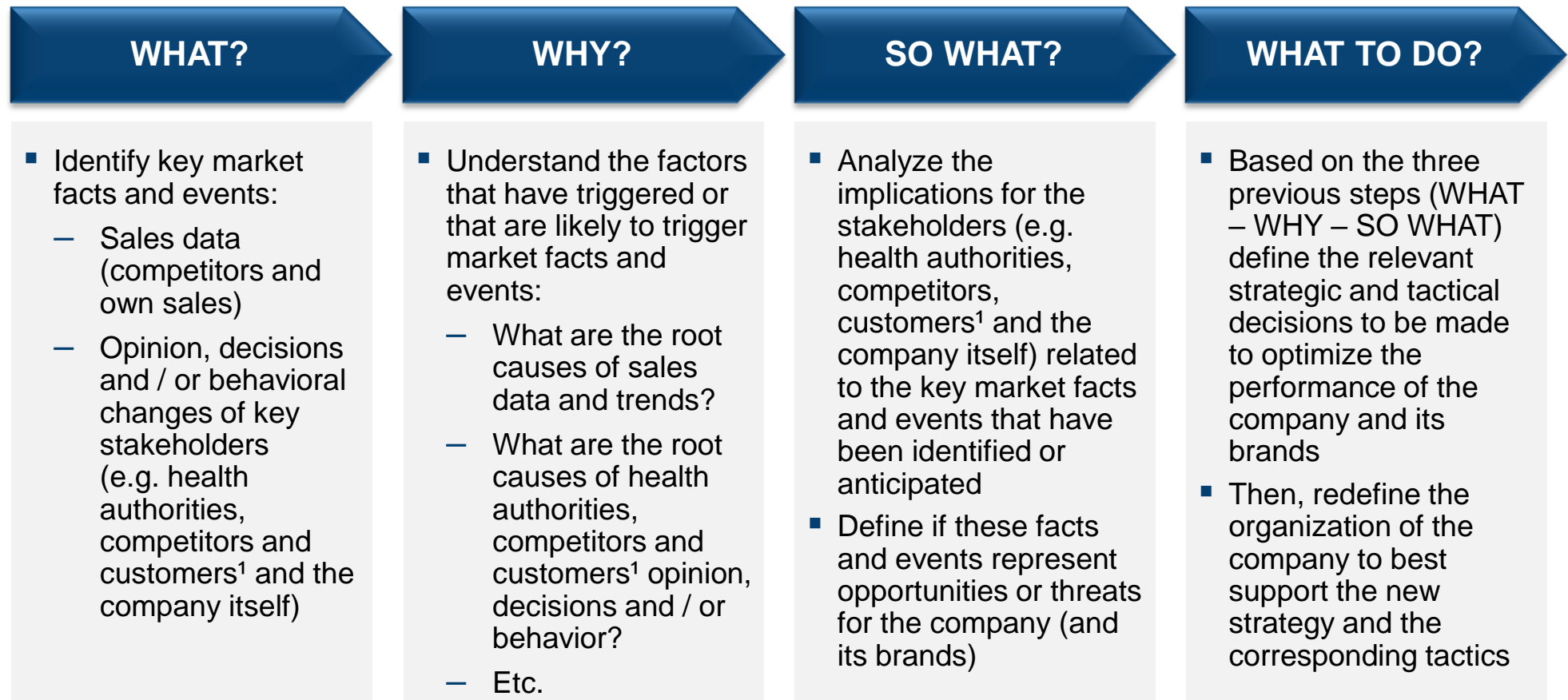
Smart Pharma Consulting unique positioning



Smart Pharma Consulting is officially registered as a training organization by the French government since 2002

Smart Pharma Consulting applies systematically the 4 Ws approach which enables to make evidence-based decisions and therefore to improve their relevance

The 4 Ws approach



Smart Pharma Consulting publishes regularly well-documented reports, including thoughtful analyses to help pharma companies make more robust decisions

Selected publications related to Pharma Field Force Organization

Best-in-Class Medical Reps...

Concepts
Methods
Tools

... apply the
ELITE Program

- Prescriber Insight
- Brand Preference Tactic
- High Impact Interactions
- Job Passion

Smart Pharma Consulting

"Best-in-class med reps make each physician feel unique"

2020 Pharma Trends & Marketing Challenges

Recommendations for Pharma Companies

November 2017

Smart Pharma Consulting
L'île d'Orléans des Lilas - 75015 Paris - France
 Tel: +33 6 11 96 33 76 - Fax: +33 1 45 57 46 59
 E-mail: jpepny@smartpharma.com - Website: www.smartpharma.com

Best-in-Class Medical Science Liaisons

Methods
Tools
Advice

How to Boost Medical Science Liaisons Competence & Performance

Position Paper
February 2017

Smart Pharma Consulting

Best-in-Class Hospital KAM

Concepts
Methods
Tools

Apply the

KAM EXPERT Program

Targeting
Strategy
Tactics
Monitoring

Smart Pharma Consulting

Best-in-Class Pharma Marketers...

Concepts
Methods
Tools

... apply the
Brand Booster Program

- Brand Preference Strategy
- Behavioral Segmentation
- Individual Prescriber Plans

Smart Pharma Consulting

"Marketing is all about strengthening customers preference"

Source: Smart Pharma Consulting

The Pharma Field Force Organization relates to the way the in-field collaborators who meet customers should work and be organized to be effective and efficient

Introduction: Working definitions

Pharma Field Force

Are the people of a pharma company who work in the “field” to contribute – directly or indirectly – to generate sales

Pharma Field Force People

May Include: medical reps, pharma reps, MSLs¹, KAMs², KIM³, regional market access managers, area managers⁴



Field Force Organization

Is based on 4 key pillars:

- Activities
- Structure
- Processes
- Culture

Field Force Reorganization

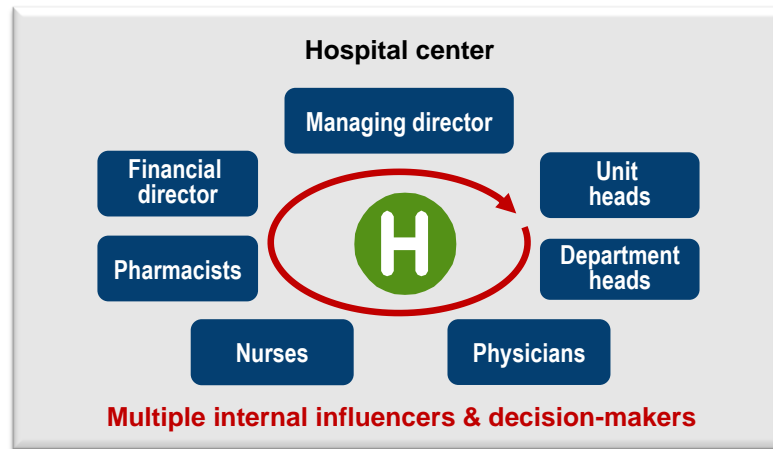
Consists in readjusting people activities, structure, processes and culture to boost the efficacy and efficiency of the company

“A successful Field Force Organization is the one which supports effectively and efficiently the strategy”

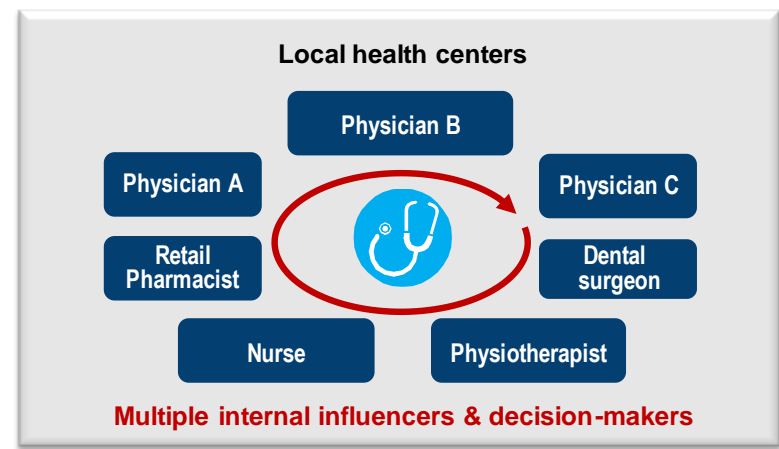
Field Force Teams access to customers has become more difficult due to lack of time and interest, and influencing them more complex due to multiple decision-makers

Introduction: Pharma Environment Mega-trends

Hospital market segment



Open care market segment

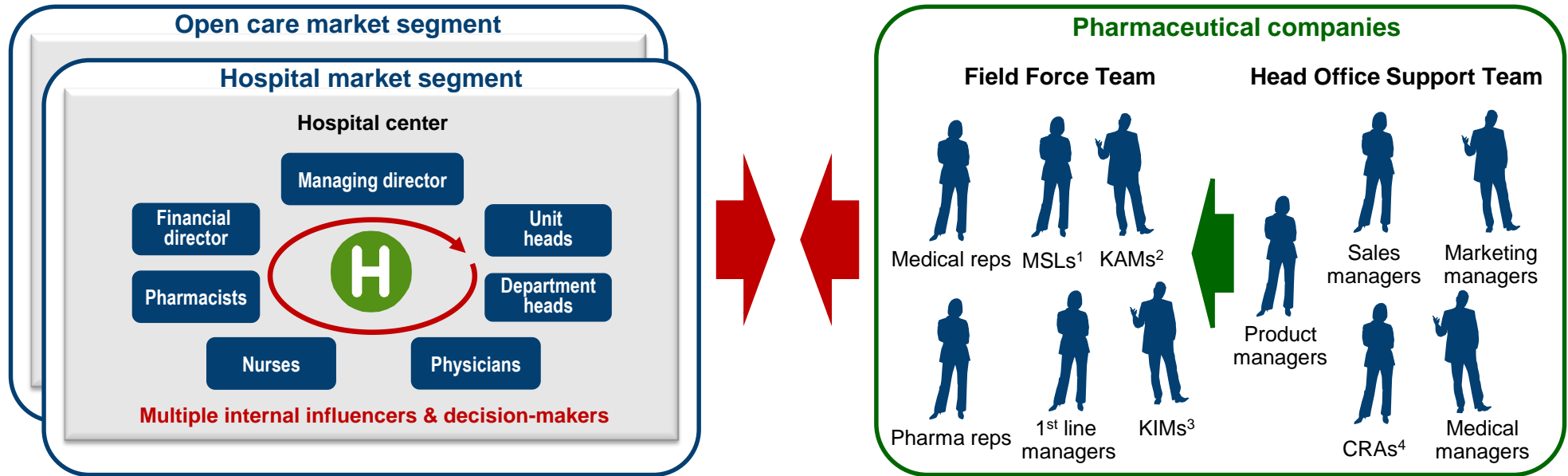


- The access to HCPs and other customers by the Field Force Teams is more and more controlled, if not forbidden
- Within hospital centers, physician prescribing decisions are more and more made in concertation, following protocols, and through the influence and pressure of various stakeholders, incl. payers, regional health authorities, etc.
- Hospital centers are also regrouping themselves which increases their business importance and bargaining power

- Access to HCPs on the open care market segment has become a major issue for Field Force Teams
- More and more office-based physicians work in group practice for better efficiency and practicality
- Their prescribing behavior is more and more under the influence of health authorities, payers or other HCPs
- The increasing concentration of retail pharmacies¹, has an impact on their interactions with Field Force Teams

Pharma companies must rethink their Field Force Team organization to secure their access to customers and manage to get their products preferred

Introduction: Impact of Pharma Environment on Field Force Teams

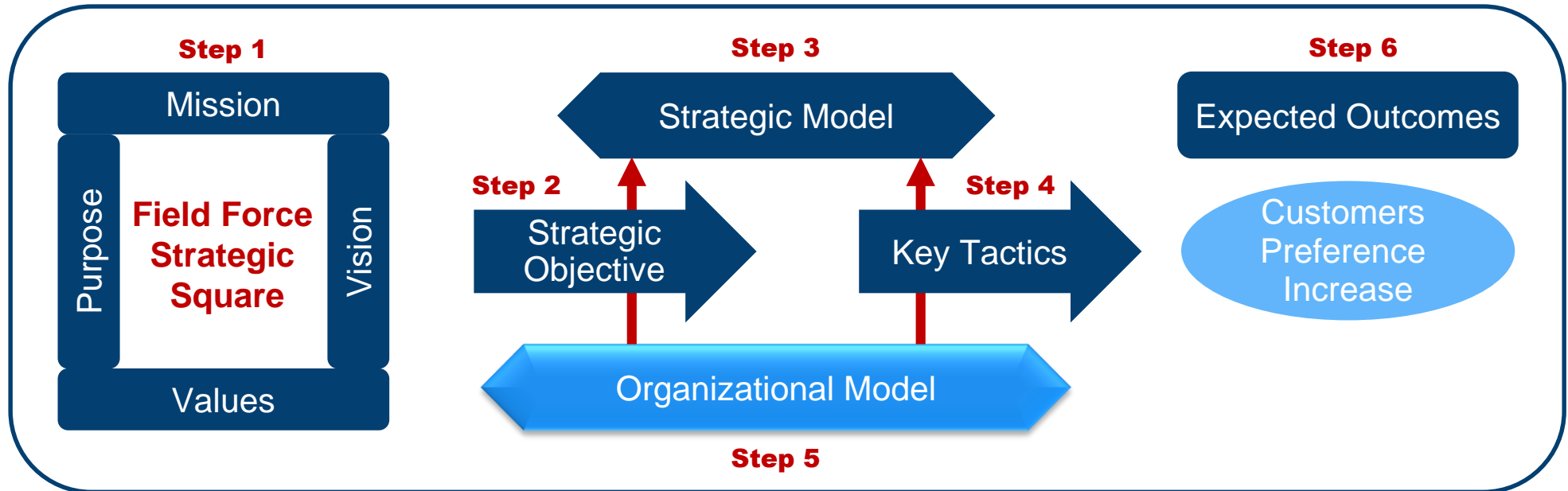


- The grouping of hospital centers and office-based physicians have led pharma companies to deal with bigger accounts benefiting from a stronger bargaining power...
- ... in a context of economic pressure, making customers more price-sensitive than ever

- Pharma companies have to address two key issues:
 - To protect, as much as possible, the price of their drugs
 - To move from a B-to-C to a B-to-B business model in which the prescribing decision is made by multiple stakeholders having different views and objectives

The Smart Field Force Framework will help pharma companies design the best organizational model to support the right strategy and tactics

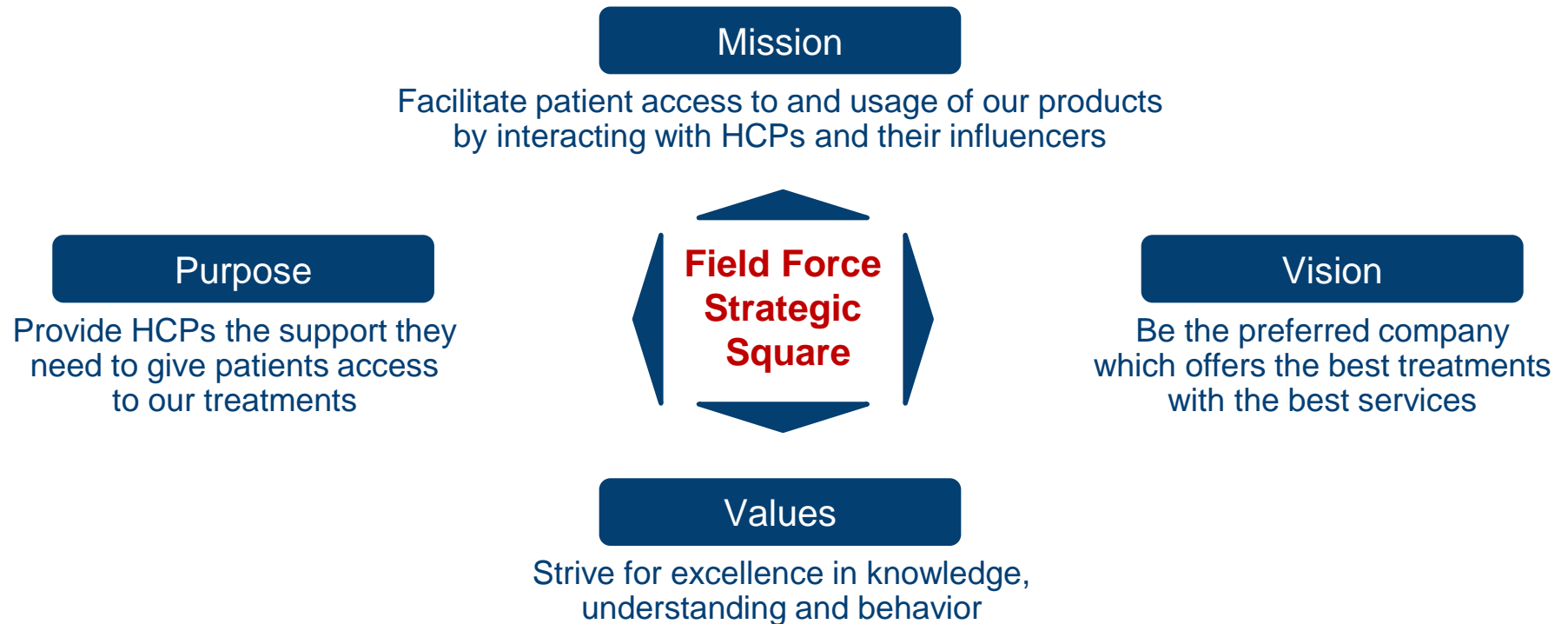
Methodology: Smart Field Force Framework



- The Smart Field Force Framework, developed by Smart Pharma Consulting, should enable pharma companies to align their "Strategic Square" to their strategic objective and then craft the best strategy and the corresponding tactics to meet this objective
- The organizational model will be designed accordingly to support effectively and efficiently the strategy and the tactics

Once the purpose, mission, vision and values have been set and shared, the Field Force should contribute to create the highest value for customers

Step 1: Strategic Square



- **Purpose:** Why do we exist?
- **Mission:** What do we do and for whom?

- **Vision:** What do we aspire to become?
- **Values:** What do we believe in and how do we behave?

The optimal design of a Field Force organization should start with an in-depth analysis of the evolution of the competitive landscape and of the company assets

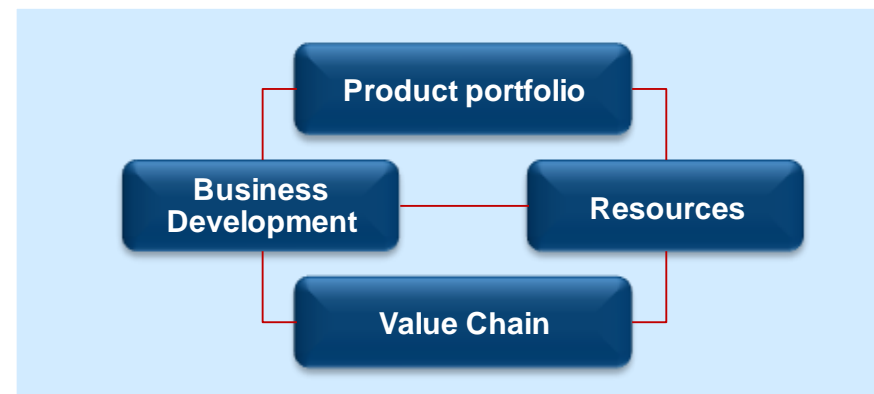
Step 2: Strategic Objective – Situation & Trends Analysis

Competitive Landscape Analysis



- The target Field Force organization will depend on the competitive landscape which can be analyzed with the 7Ps method¹ which, stakeholder by stakeholder, defines:
 - Behavioral trends (What?)
 - Driving forces (Why?)
 - Implications (so What?)
 - Strategic priorities (What to do?)

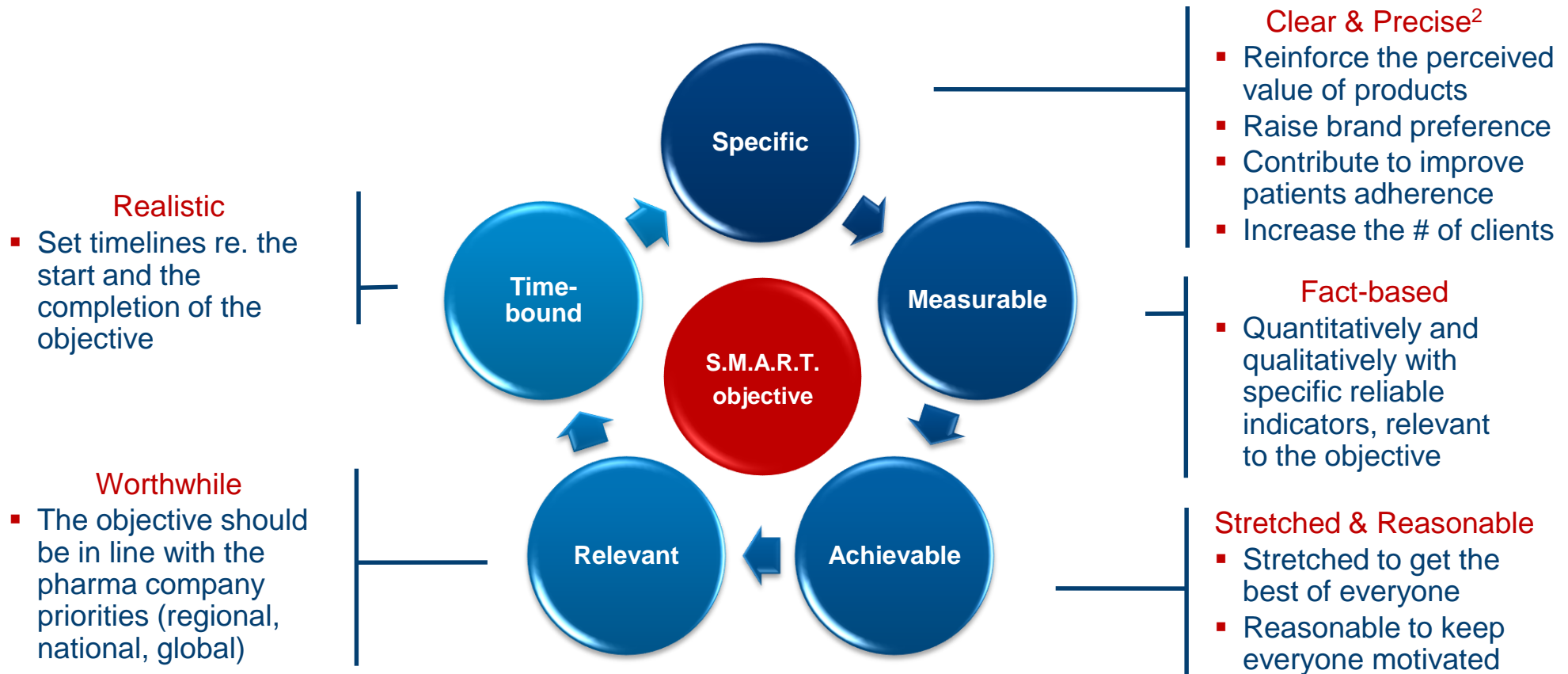
Company Assets Assessment



- To define a target organization, the company assets should also be assessed:
 - The current and future product portfolios
 - The tangible² and intangible³ resources
 - The components of the value chain, including the support functions
 - The business development initiatives going on

The strategic objective should be set according to the S.M.A.R.T. rule, well-explained and understood by all members of the Field Force¹ to maximize their adherence to it

Step 2: Strategic Objective – Objective Setting



The strategy should be crafted according to the analyzed situation and trends, and the strategic objective set, prior to the design of the Field Force organization

Step 3: Strategic Model – Strategy Crafting

1. Situation & Trends Analysis

2. Strategic Objective

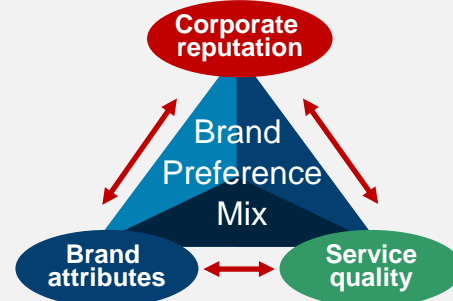
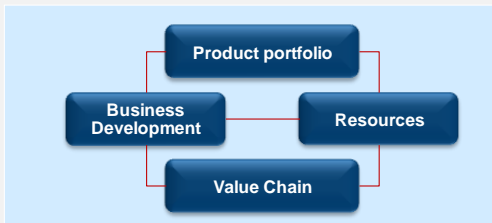
3. Strategy Crafting

4. Organization Design

Competitive Landscape Analysis

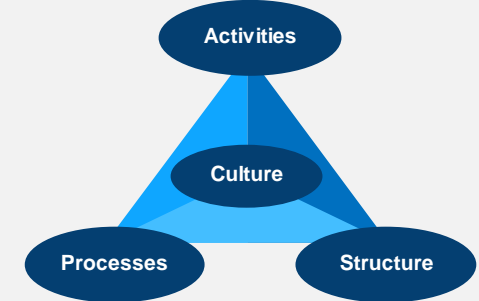


Company Assets Assessment



The Pharma Company strategy¹ related to Field Force activities will attempt to raise customer preference and create a long-lasting competitive advantage by:

- Seizing market opportunities
- Combating market threats
- Taking advantage of competitive strengths
- Addressing competitive weaknesses



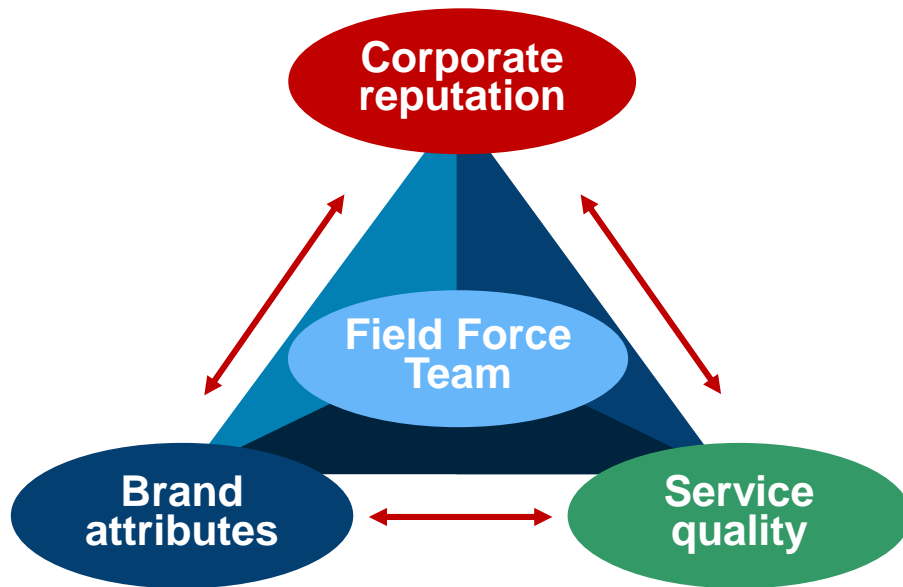
The Field Force organization should be designed to support effectively and efficiently the crafted strategy

Four dimensions should be considered:

- Activities (and competencies)
- Structure (FTEs, organization chart)
- Processes (coordination, decision-making, information sharing, etc.)
- Culture (working conditions, etc.)

The utmost strategic priority of the Field Force Team is to strive to strengthen the preference of their customers for the products marketed by their company

Step 3: Strategic Model – The Brand Preference Mix (BPM)¹



"The Brand Preference Mix concept is a powerful means to enhance customer preference to marketed brands"

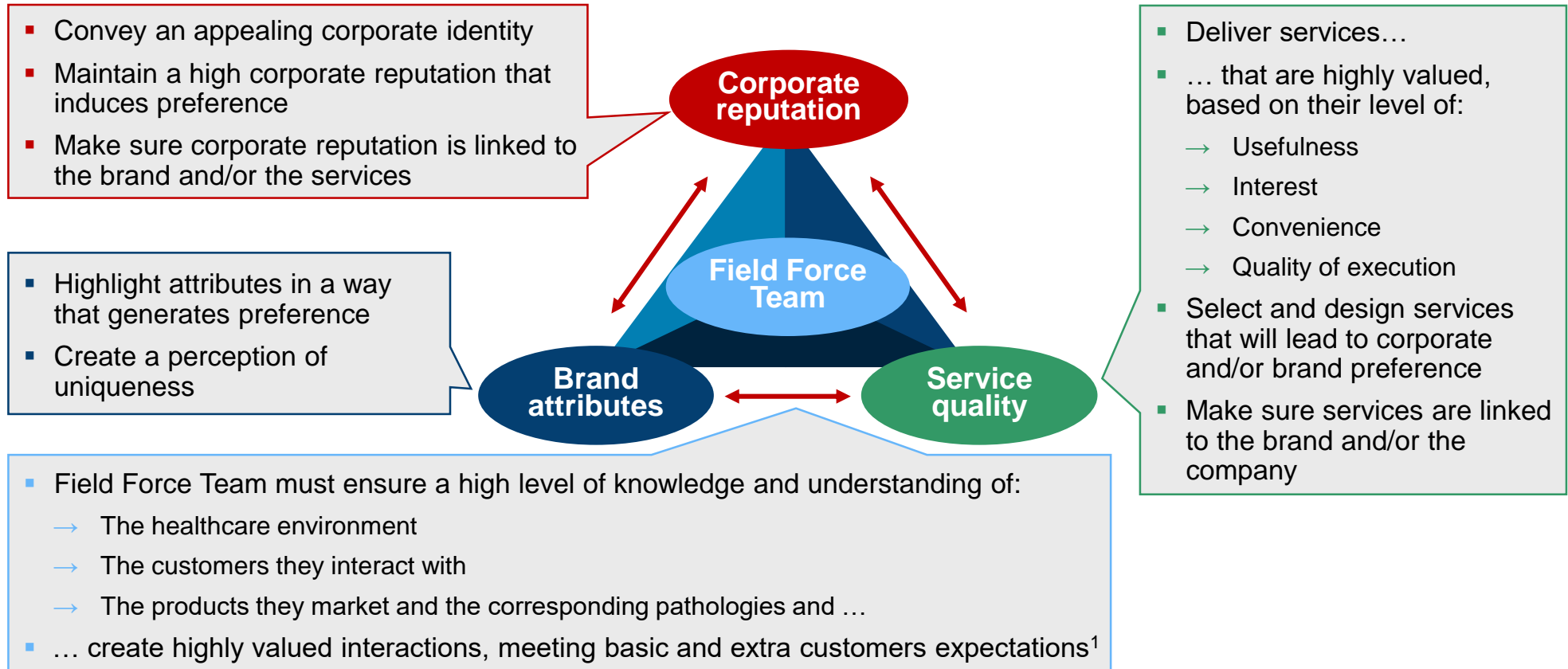
- Preference is the **most relevant concept** – far better than satisfaction – to **boost market share** growth, and thus the performance of pharma companies
- To raise customers' preference for their products, pharma companies can act on three components:
 - **Corporate** reputation
 - The perceived quality of proposed **services**
 - The perceived **benefits** of **brand attributes**
- These three components should **be strongly linked** between themselves by customers
- **Field Force Teams** play an **important role** to **leverage** these three **components**

Source: "Building prescriber loyalty", J.-M. Peny et al., SCRIP Magazine, September 1993 – Smart Pharma Consulting

¹ See Smart Pharma Consulting position paper "Best-in-Class Medical Reps" published in April 2017 and "Best-in-Class Pharma Marketers" published in March 2017

To boost the preference of physicians for their marketed brands, Pharma Marketers can leverage the three components of their Brand Preference Mix (BPM)

Step 3: Strategic Model – Activation of BPM levers

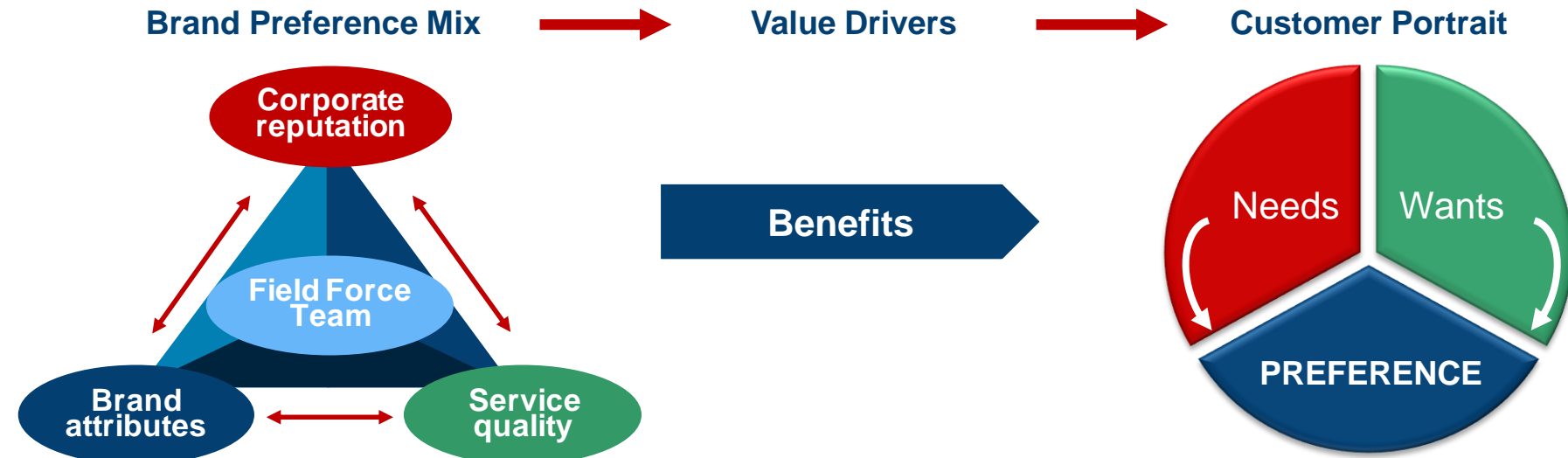


Source: "Building prescriber loyalty", J.-M. Peny et al., SCRIP Magazine, September 1993 – Smart Pharma Consulting

¹ See Smart Pharma Consulting position paper "Best-in-Class Medical Reps" published in April 2017

Field Force Teams must put into perspective the value drivers related to the three components of the Brand Preference Mix to gain/strengthen customers preference

Step 4: Key Tactics – Principles



- The 3 components of the Brand Preference Mix are characterized by **features** which provide the “**reasons to believe**”
- These **features** must bring **unique** and **valuable benefits** to customers
- The **Field Force Team purpose** is to **make** customers **aware** of these **benefits** so that **they properly use their products**

Customers preference will be **driven by** their:

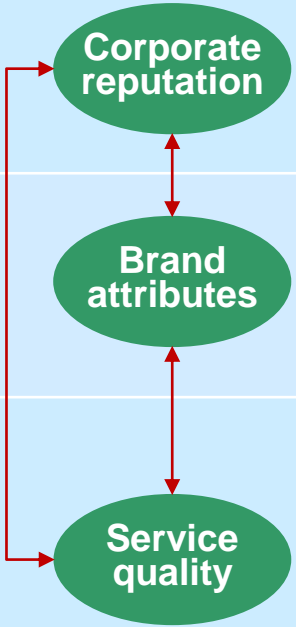
- **Needs:** “I need a treatment for this disease that is effective and safe” [**fact-based**]
- **Wants:** “I want to prescribe the treatment because I feel more secure” [**emotional**]

But **limited by** their:

- **Fears:** “I am used to another treatment and don’t wish to change my habits” [**fact-based & emotional**]

Features of each component of the Brand Preference Mix should be expressed as benefits to customers in order to strengthen their preference to the brand

Step 4: Key Tactics – Customers Preference Path (1/3)

Brand Preference Mix (BPM)	Features of the BPM component	Benefits to customers
 <p>The diagram illustrates the Brand Preference Mix (BPM) components and their relationships. It consists of three green ovals arranged vertically: 'Corporate reputation' at the top, 'Brand attributes' in the middle, and 'Service quality' at the bottom. A red arrow points from 'Corporate reputation' down to 'Brand attributes', and another red arrow points from 'Brand attributes' down to 'Service quality'. Additionally, a red arrow points from the left side of the 'Corporate reputation' oval down to the left side of the 'Service quality' oval, indicating a direct relationship between these two components.</p>	<ul style="list-style-type: none"> • What to say and what to do to build an appealing image (e.g. values, initiatives, achievements, strategic priorities, etc.) and establish the company as a reliable player? • How should these initiatives be carried out? • How to make the brand perceived positively different from competition? • How to highlight these attributes in an effective and efficient way? • To whom these differentiating points should be communicated? • What services should be developed to create a strong positive difference vs. competition? • How to make sure these services are highly valued by customers? <i>[Are they useful / interesting / convenient / well executed?]</i> • How should these services be implemented in an optimal manner? <i>[How to ensure the in-field people collaborate effectively and efficiently to deliver highly valued services?]</i> 	<p>The benefits the customers are likely to draw¹ should be identified for each feature of each component of the Brand Preference Mix,</p>

Field Force Teams must contribute to enhance customers preference to their brands by positively differentiating the components of the BPM they value the most

Step 4: Key Tactics – Customers Preference Path (2/3)

Brand Preference Mix (BPM)	Features of the BPM components	Benefits to customers	Desirability level ¹	Exclusivity level ¹
Corporate reputation (CR)			<input type="checkbox"/> Low <input type="checkbox"/> Moderate <input type="checkbox"/> High	<input type="checkbox"/> None <input type="checkbox"/> Partial <input type="checkbox"/> Total
			<input type="checkbox"/> Low <input type="checkbox"/> Moderate <input type="checkbox"/> High	<input type="checkbox"/> None <input type="checkbox"/> Partial <input type="checkbox"/> Total
Brand attributes (BA)			<input type="checkbox"/> Low <input type="checkbox"/> Moderate <input type="checkbox"/> High	<input type="checkbox"/> None <input type="checkbox"/> Partial <input type="checkbox"/> Total
			<input type="checkbox"/> Low <input type="checkbox"/> Moderate <input type="checkbox"/> High	<input type="checkbox"/> None <input type="checkbox"/> Partial <input type="checkbox"/> Total
Service quality (SQ)			<input type="checkbox"/> Low <input type="checkbox"/> Moderate <input type="checkbox"/> High	<input type="checkbox"/> None <input type="checkbox"/> Partial <input type="checkbox"/> Total
			<input type="checkbox"/> Low <input type="checkbox"/> Moderate <input type="checkbox"/> High	<input type="checkbox"/> None <input type="checkbox"/> Partial <input type="checkbox"/> Total

Source: Smart Pharma Consulting, adapted from the book "Pharma Marketing Tool Box" 2015

¹ Should be selected only the benefits that are at least moderately desirable and partially exclusive

The exclusive and desirable benefits associated to the components of the BPM should be expressed by customer type or, even better, by individual customer

Step 4: Key Tactics – Customers Preference Path (3/3)

Customer type ¹	BPM ²	Value proposition (exclusive & desirable benefits)
	Corporate Reputation	
	Brand Attributes	
	Service Quality	
	Corporate Reputation	
	Brand Attributes	
	Service Quality	
	Corporate Reputation	
	Brand Attributes	
	Service Quality	

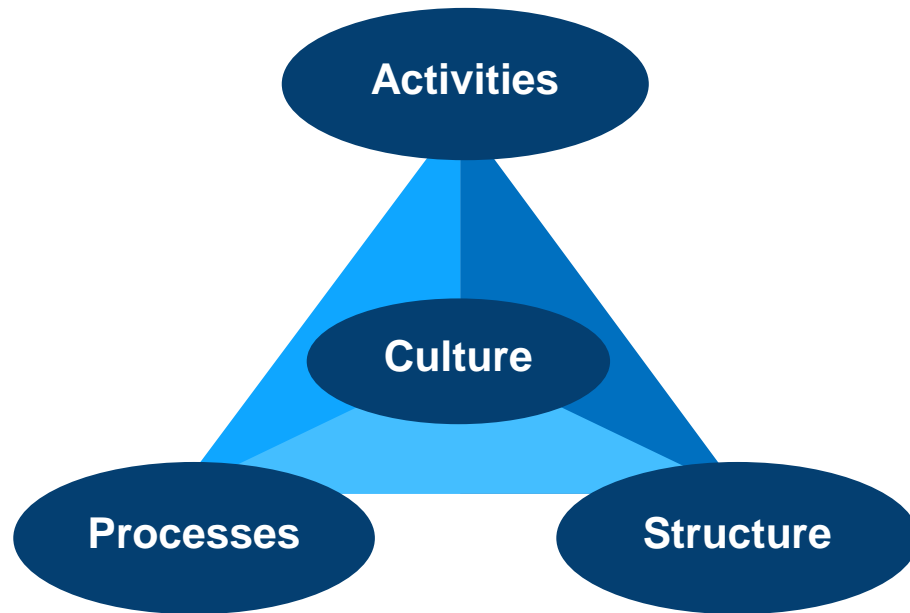
Source: Smart Pharma Consulting, adapted from the book "Pharma Marketing Tool Box" 2015

¹ Physicians, Pharmacists, Patients, Payers, Policy makers, Patient advocacy groups, etc.

² Indicate on which component of the BPM (corporate reputation, brand attributes, service quality) the value proposition is built

The Field Force organization model should be designed so as to support the execution of the crafted strategy and tactics in the most effective and efficient way

Step 5: Organizational Model – The Organizational Triangle



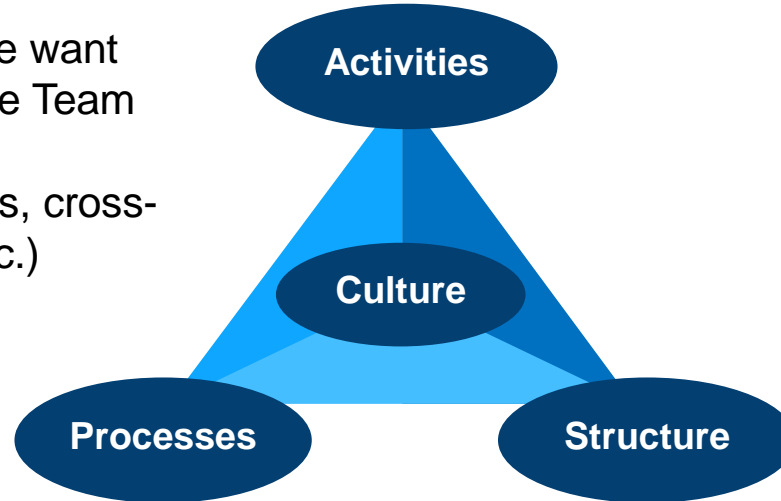
- The **organization model** should be designed to best **support** the implementation of the **strategy** and the corresponding **tactics**
- The organizational model developed by Smart Pharma Consulting is built on four dimensions:
 - **Activities** of collaborators
 - **Structure** and **headcount**
 - **Key processes**
 - **Cultural traits**
- These **four dimensions** should be **consistent** and regularly **adjusted**, qualitatively and quantitatively, to ensure an **optimal support of the strategy**

The organization must be designed to enable quick and easy adjustments to environment changes, and to get collaborators aligned to boost customer preference

Step 5: Organizational Model – Activation of the four levers

Lever #1: What should be the Field Force Team key **activities** (and the required competencies)?

Lever #4: What **culture** do we want to create within the Field Force Team (e.g. pragmatism, proactivity, empowerment, tangible results, cross-functional working method, etc.)



Lever #3: What are the key business **processes** (interactions, decision making, execution and performance monitoring) and are they efficient?

Lever #2: What **structure** (organigram & FTEs)¹ will best support Field Force Teams to achieve their tasks efficiently?

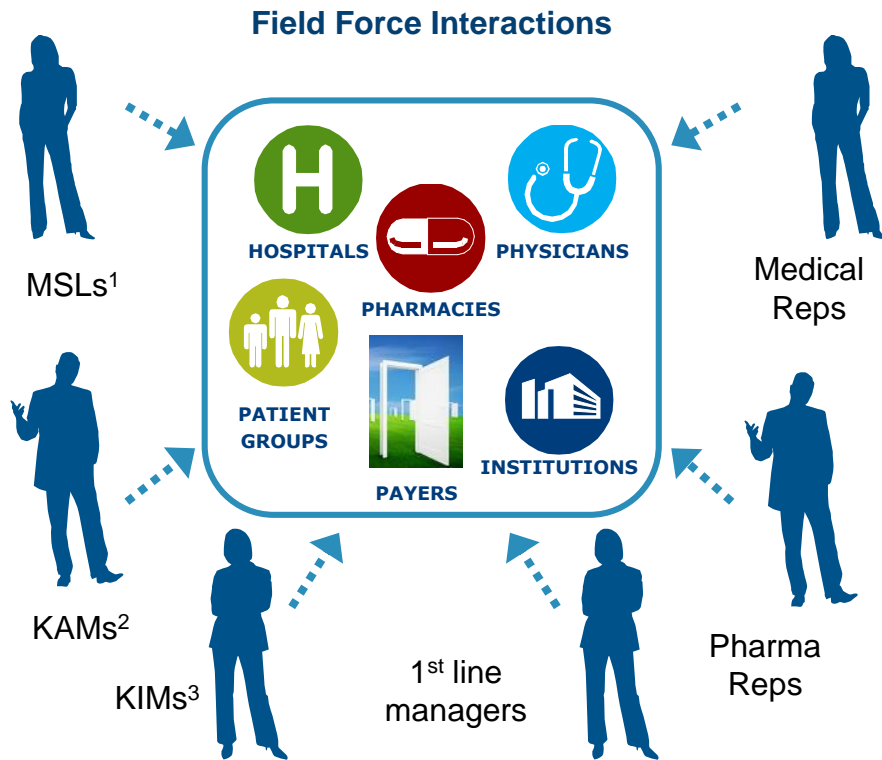
Field Force Teams activities should be regularly adjusted to secure a regular access to customers and to boost their preference to the brands marketed by the company

Step 5: Organizational Model – Key activities (1/2)



Principles

- Activities of Field Force Teams should be systematically streamlined:
 - Activities having no significant impact to raise the value of the marketed brands should be stopped
 - Customers shared by different Field Force functions (e.g. MSLs and medical reps) would require a clear co-positioning to avoid duplication and a thoughtful coordination of activities to leverage potential synergies which will be driven by sharing competencies, and/or costs
- To secure access to customers and influence them, Field Force Teams should, better than competitors:
 - Acquire a high level of market insights⁴
 - Highlight the image⁵ of the company they work for
 - Propose and deliver highly valued services
 - Exhibit the benefits offered by the marketed brands
 - Use customers preferred communication channels
- Ambitious capability building programs would be required

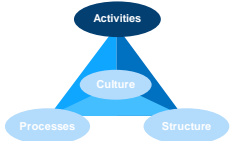


Source: Smart Pharma Consulting

¹ Medical Science Liaison – ² Key Account Managers – ³ Key Institution Managers – ⁴ Meaning: have an excellent knowledge and a good understanding of the healthcare system, the key market stakeholders (health authorities, competitors, customers) – ⁵ See Smart Pharma Consulting position paper “How to create a superior Pharma Corporate reputation” published in August 2016

The development of Field Force Teams competencies can be structured and prioritized with the help of the Smart Index tool

Step 5: Organizational Model – Key activities (2/2)



The Smart Index

- The **Smart Index** is a tool which structures the development of competencies around 3 components:

Smart index = Knowing x Understanding x Behaving

Knowing

Precise – Reliable – Relevant

knowledge of facts & figures re. the market, the company, with a special emphasis on customers and their influencers

Understanding

In-depth & Robust

analytical skills and fact-based decision making

Behaving

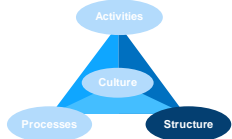
Planning, Organizing, Directing & Monitoring

to guarantee the quality of execution, leverage potential synergies and keep colleagues engaged

“Any fool can know. The point is to understand” – Albert Einstein

There is no magic numbers, the Field Force size depends on external and internal factors, the impacts of which are specific to each company and each product

Step 5: Organizational Model – Structure (1/3)



Field Force sizing: Driving Factors

External factors

Authorities

- Regulations re. Field Force activities (charter)
- Limitation of interactions with HCPs
- Refusal of institutions to interact with pharma companies

Customers

- Number of HCPs and other customers (e.g. influencers such as PAGs, patients, payers)
- Opinion and behavior vis-à-vis the company, its products and services
- Inclination of customers to change their opinion and behavior under the influence of Field Force Teams

Competition

- Number of targeted customers
- Types, content and frequency of interactions per targeted customer
- Number of in-field FTEs

Key factors
to estimate
Field Force size

Internal factors

Products

- Number of brands for presentation
- Product life cycle stage (pre-launch, launch, growth, maturity, decline)

Organization

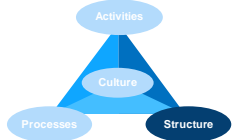
- Number of field days
- Types, content and frequency of interactions¹
- Number of daily interactions
- Number of interactions per customers
- Cost per in-field collaborator and per interaction

Skills

- Quality of contact
- Contact productivity
- Territory management

The Smart Simulator helps to estimate the optimal Field Force resources and the best structure by adjusting coverage and frequency by customer and by product

Step 5: Organizational Model – Structure (2/3)



Field Force sizing: The Smart Simulator

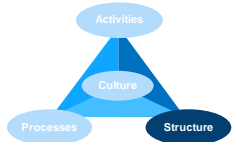
Overview	Smart Simulator: Hospital and retail lines activity		
		FTE 2018*	FTE after simulation
GPs	GPs	78	79
Diabetologists	Diabetologists	5	6
Neurologists	Neurologists	24	24
Hospital pharmacists	Hospital pharmacists	7	5
Retail pharmacists	Retail pharmacists	37	11
Nurses	Nurses	1	2
	Total FTE	152	128
	Simulation vs. 2018:		-24

*Based on the number of calls planned by the company in 2018 (assuming 900 calls per year per sales rep)

- The Smart Simulator is an enabling tool to help pharma companies evaluate the impact of external and internal factors, either qualitative or quantitative, which will influence the size of their Field Force
- Thus, the sizing, expressed as FTEs, will depend on:
 - The number of customers for whom interactions with the Field Force is likely to have a significant positive impact on the performance of marketed products
 - The types of interactions customers are open to
 - The optimal number of interactions to be carried out for each customer
 - The time related to the implementation of these interactions
 - The combined activities, and possible synergies amongst different in-field collaborators¹
- The Smart Simulator, as any simulator, gives a preliminary estimate which must be completed by a qualitative analysis, customer by customer

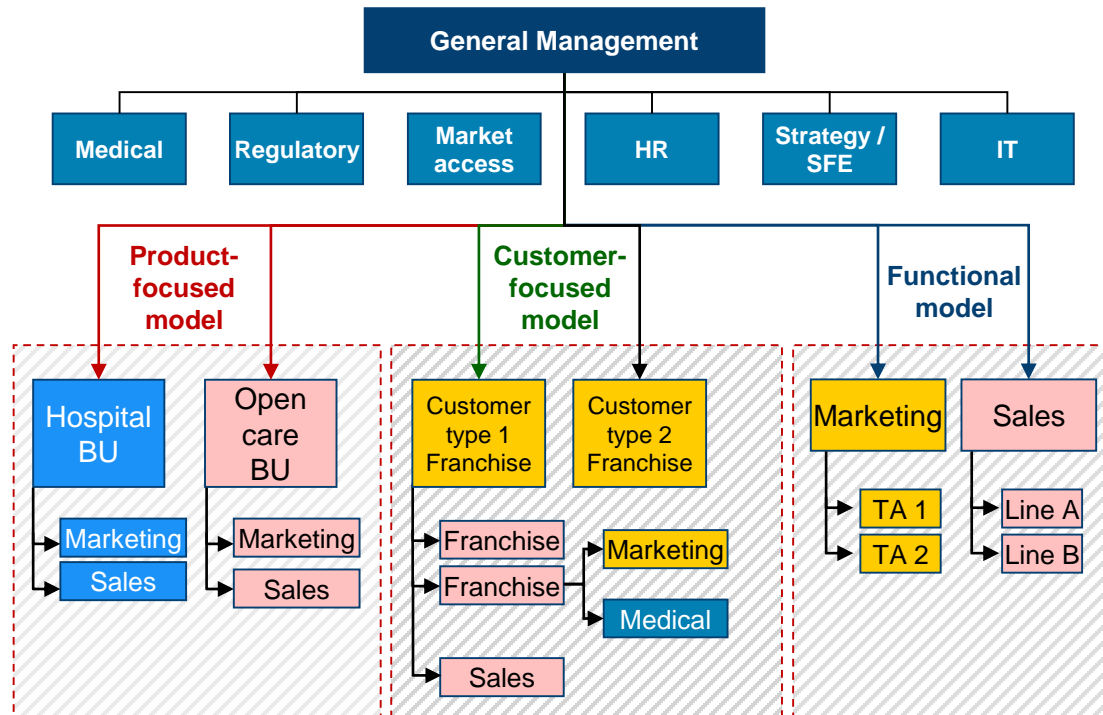
The preferred structure should be built around customers, remain lean and agile, favoring collaborations across departments and with the support functions

Step 5: Organizational Model – Structure (3/3)



Organization Chart

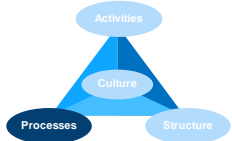
Typical structure of pharmaceutical companies



- In the **Product-focused model**, products drive the structure:
 - For “strict” hospital use, activities are organized in BUs or franchises, gathered or not under a common “Hospital Management” structure, and covering different therapeutic areas (TAs)
 - For mix products, companies display hospital dedicated med reps, reporting to open care BUs, and supporting detailing of open care products at hospital
 - Hospital and open care organizations are operationally independent, but share common supporting resources
- The **Customer-focused model** is shaped around customers by franchise, each of them containing marketing and medical resources, supported by sales forces
- The **functional model** is less frequent among pharma companies, irrespective of their size

High market sensitivity, simple and short processes, cross-departments coordination and cooperation will contribute to better serve customers

Step 5: Organizational Model – Processes (1/3)



Customer-centricity Organization: The 4 Cs

- Customer-focused organization (silos around customers vs. brands)
- Knowledge- and experience-sharing
- Harmonization of activities

- Skills to develop and deliver high value solutions
- Ability to explore and discover customer insights (deep knowledge of their needs, wants, behaviors)
- Motivated and empowered collaborators

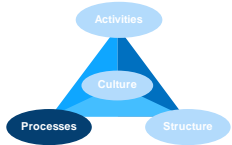


- Project teams including members from various departments centered around customers
- Shared customer database
- Introduction of metrics to foster cultural change

- Partnership with external players to propose unique and highly valued offerings to customers

To create value for field forces, and therefore for the company, head office functions should maintain a business-driven balance between support and control

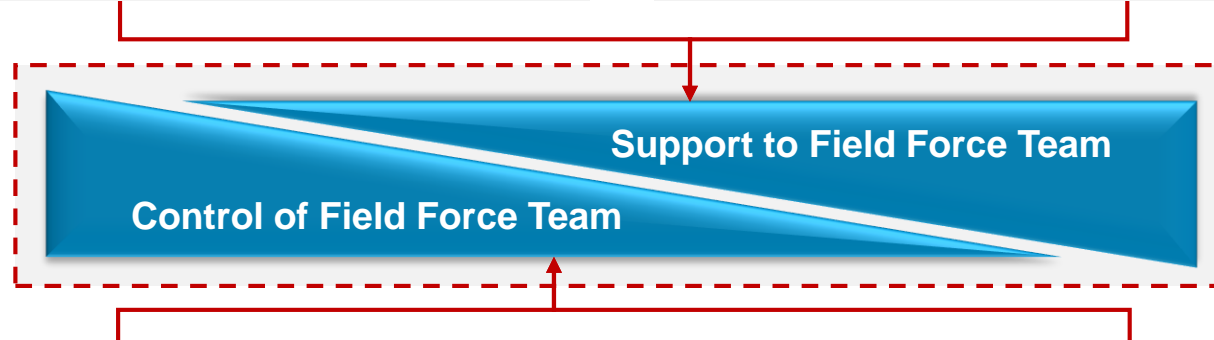
Step 5: Organizational Model – Processes (2/3)



Balanced Support & Control of Field Force Teams

- *Ad hoc* capabilities missing at Field Force level
- Complementary resources (e.g. if understaffing)
- Strategic directions and priorities, whenever required

- Support to facilitate in-field activities, to address scientific, legal, HR issues, etc.
- Competence and experience sharing across BUs and from head office to in-field functions

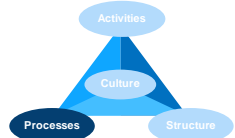


- Business-relevant metrics (automation, dashboards, standardized score cards)
- Selected number of KPIs (key performance indicators) and KEIs (key execution indicators)

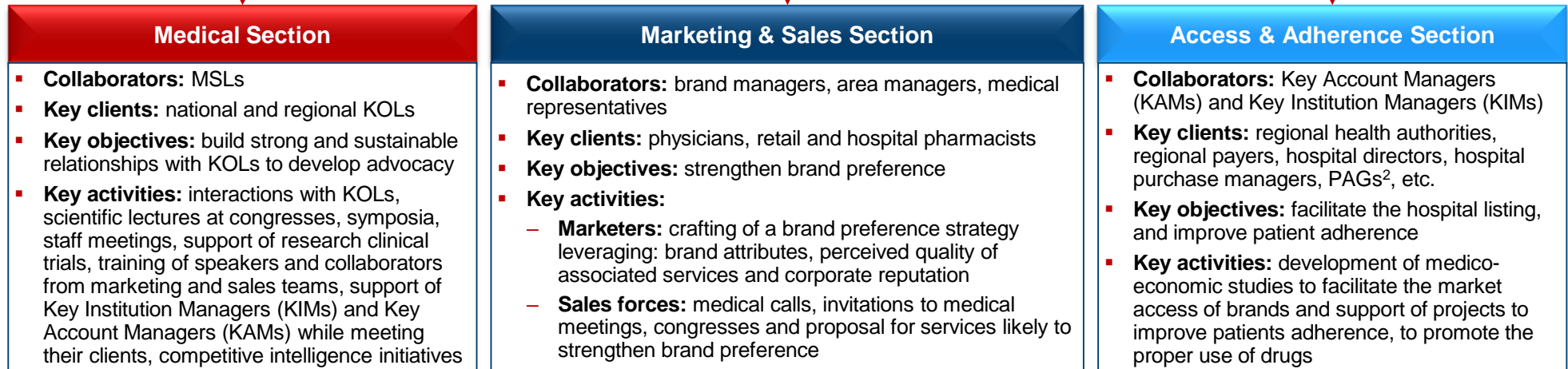
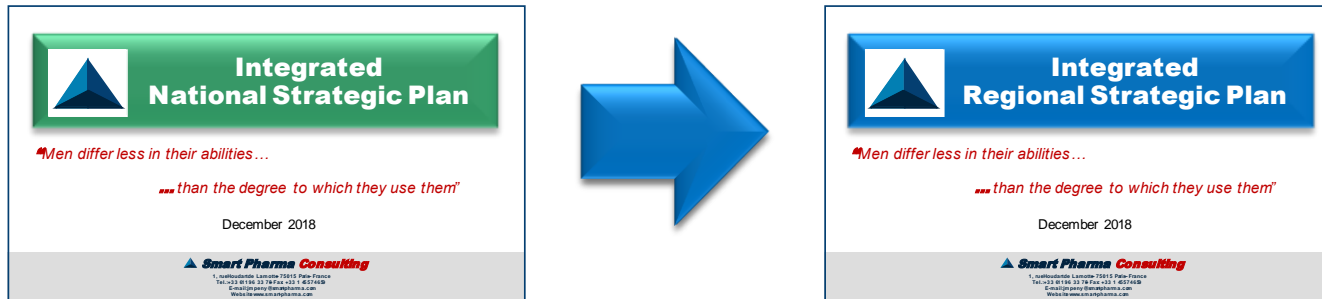
- Monitoring of compliance (e.g. HR policy, people management, marketing & sales practices, etc.)
- Monitoring of the level of organizational agility and suggestions of solutions to fill up the gaps (if any)

The activities of in-field collaborators interacting with the same customers should be integrated in a single strategic plan, including separated sections

Step 5: Organizational Model – Processes (3/3)

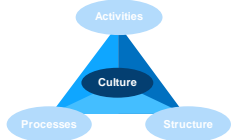


Integrated Regional Strategic Plan



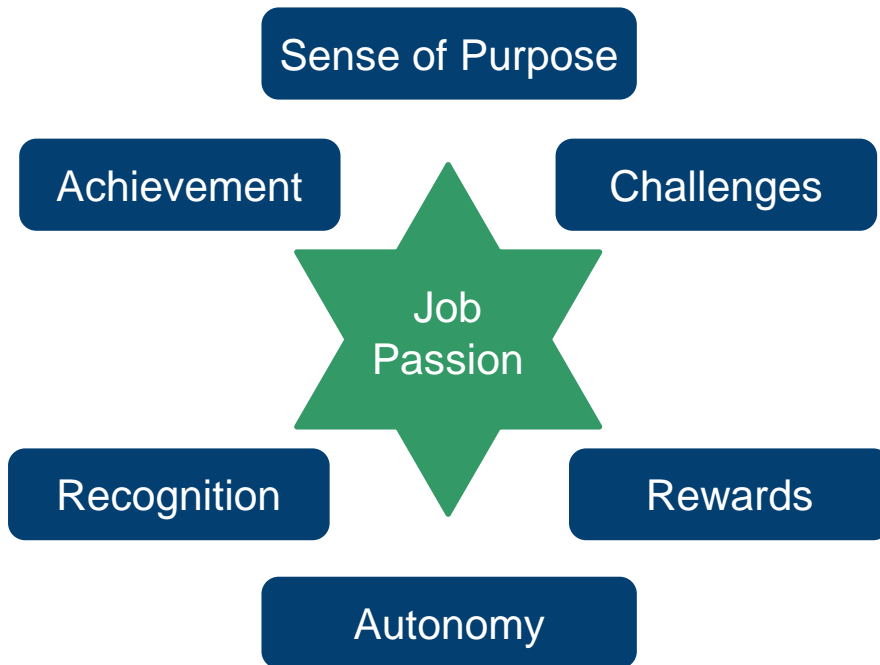
Stimulating Field Force members passion for their job is a key performance driver, especially in a context where customers are increasingly reluctant to meet them

Step 5: Organizational Model – Culture (1/2)



Stimulation of Job Passion¹

Job passion is influenced by six key drivers:



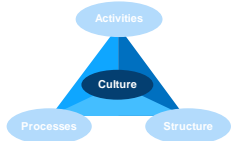
Passion is expressed by:



“Pleasure in the job puts perfection in the work” - Aristotle

Managing by mutual benefits will give Field Force Teams a sense of purpose which will increase the probability to get their full and sustainable engagement

Step 5: Organizational Model – Culture (2/2)



Management by Mutual Benefits¹

MBO² (Management By Objectives)

- Definition of **objectives agreed** by both management and employees
- Well-adapted to **vertical management** models
- However, by focusing on results, the way to achieve them (the planning) can be overlooked and lead to **suboptimal efficiency**
- Does not favor innovation nor flexibility

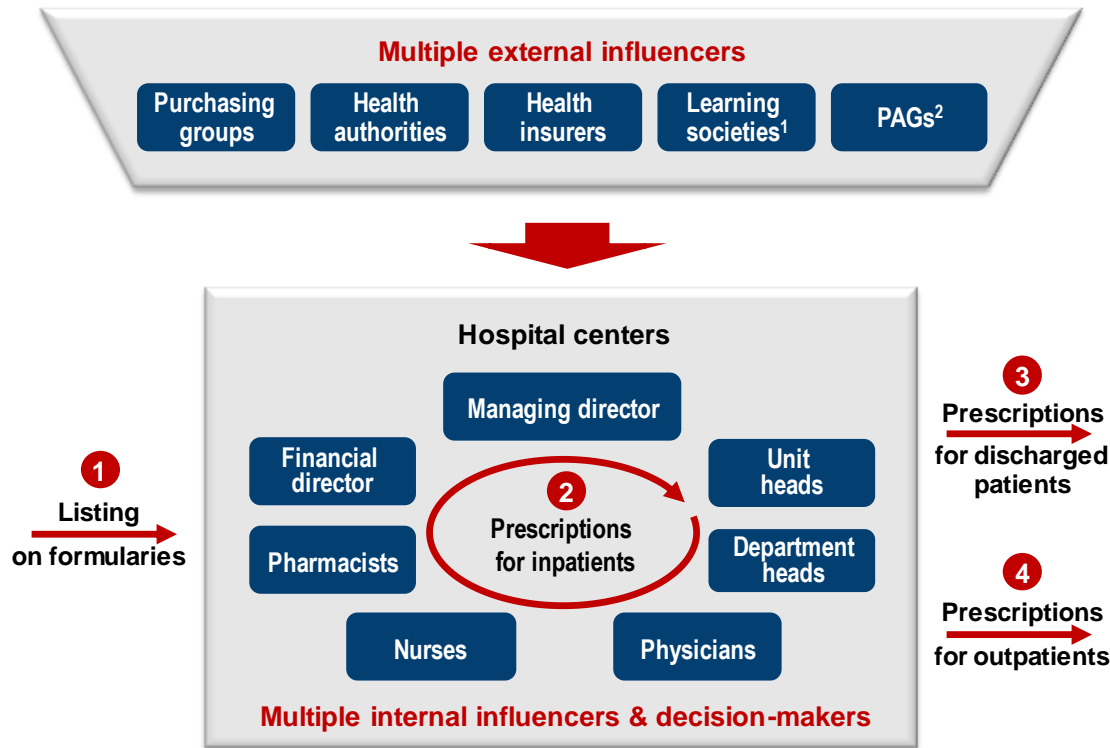


MBMB (Management By Mutual Benefits)

- Creates **mutual benefits** and **value** by **fulfilling** the respective **expectations** of employees and employers
- Maximize the probability to obtain the **full engagement** of employees
- Requires from managers to (better) satisfy collaborators ...
- ... to create **favorable conditions** to secure a **higher quality** of execution that will lead to **better results**

The Field Force strategy and organization must have a favorable impact on one or several of the key performance drivers of products prescribed at hospital level

Step 6: Expected Outcomes – Hospital Market Segment

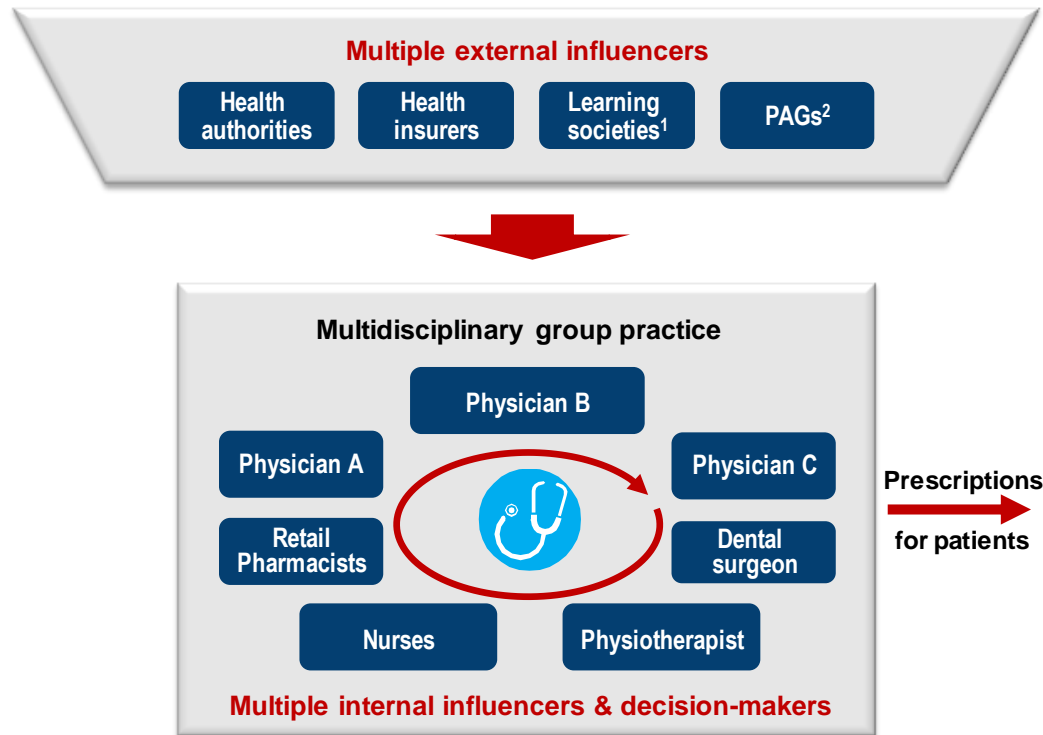


- The expected results from the Field Force strategy, its related tactics and supporting organization will come from their – direct or indirect – positive impact on the following performance drivers:
 1. Listing on formularies³
 2. Prescription for inpatients⁴
 3. Prescription for discharged patients⁴
 4. Prescription for outpatients⁴
- Maintaining access to HCPs is a key challenge that must be addressed by ensuring high quality interaction, from customers perspective
- The actions to activate these drivers will depend on:
 - Each hospital specificities (e.g. strategic priorities, procurement process and policy, degree of complexity, power games)
 - Product portfolio competitive position
 - Value of services offered to date
 - Corporate reputation

● Key performance drivers for pharma companies

Field Force Teams operating on the open care market must secure access to customers and raise their brand preference by ensuring highly valued interactions

Step 6: Expected Outcomes – Open care Market Segment



- On the open care market, the expected outcome from the implementation of the customer strategy and of the supporting Field Force organization is to:
 - Secure a regular access to health care professionals (HCPs) which has become more and more difficult, especially in health centers
 - Raise the preference of HCPs in favor of the marketed products by leveraging the three components of the Brand Preference Mix³
 - Maintain a favorable opinion and behavior of stakeholders who are likely to influence HCPs and patients
- To address these challenges, the Field Force Team members will have to:
 - Ensure high value interactions
 - Coordinate their activities to leverage potential synergies
 - Be flexible enough to adjust themselves to the external and internal changes

To measure the efficacy and efficiency of a Field Force Team, it is recommended to monitor the activities they carry out with KEIs¹ and their related impact with KPIs²

Step 6: Expected Outcomes – Measurement Tools

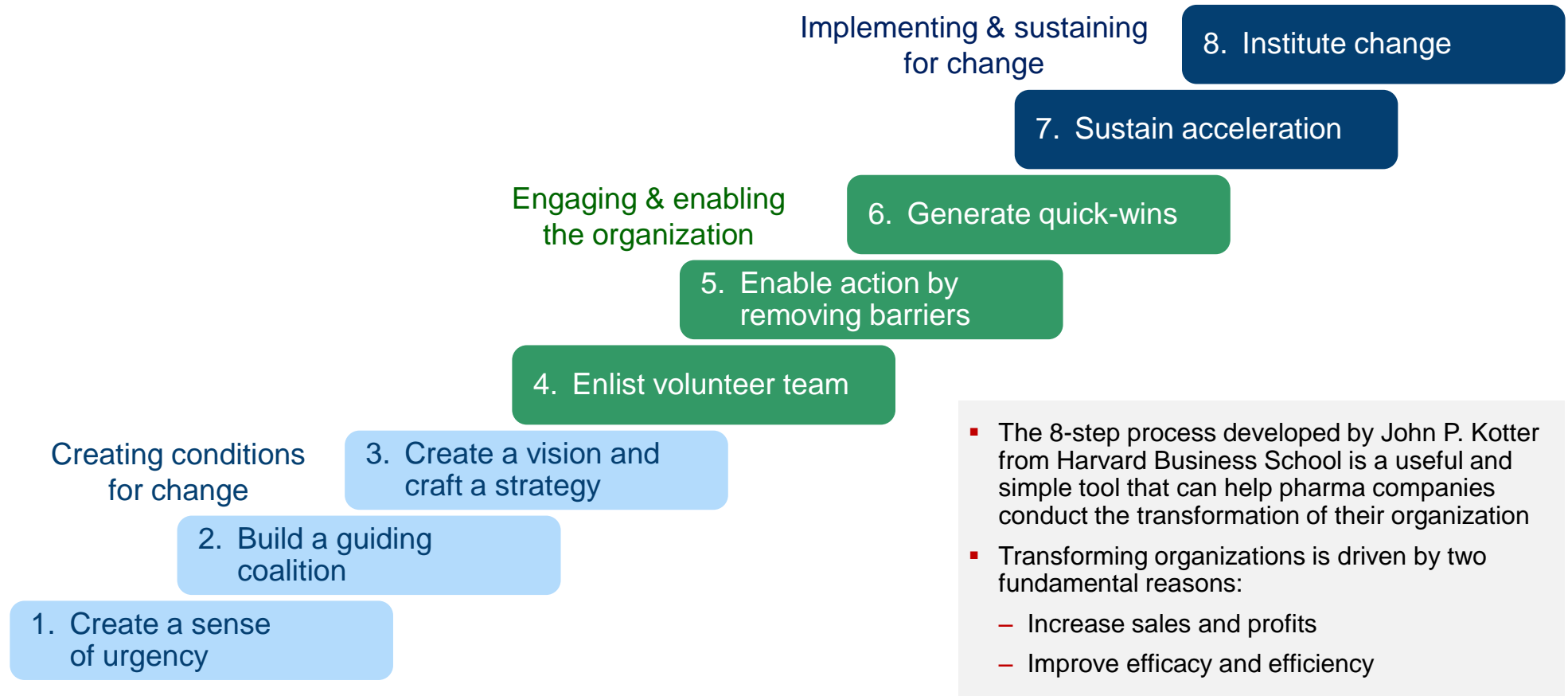
Illustrative

1	2	3	4
What is the objective?	What is the target?	KEIs ¹	KPIs ²
<ul style="list-style-type: none"> Create / reinforce awareness Generate interest Develop brand preference Increase share of prescription Increase compliance Limit substitution rate Get the brand listed Fine tune the profile of the customer 	<ul style="list-style-type: none"> Physicians (e.g. KOLs, specialists, GPs) Pharmacists (e.g. retail or hospital) Patients Nurses Influencers (e.g. health authorities, “politics”, patient advocacy groups, public health insurance, private health insurance, professional associations) 	<ul style="list-style-type: none"> % of the target covered by the Field Force Team % of the target influenced by the Field Force Team % of the target having a positive opinion of the services offered³ Number of interactions (e.g. by customer, by in-field collaborator) Implementation time required vs. planned Actual vs. budgeted cost 	<ul style="list-style-type: none"> Brand Preference Mix index (i.e. corporate reputation, product attributes, service quality) % of hospitals having listed the brand Price negotiation Sales level and evolution Share of prescription Change in the number of treatment initiations Return on investment

“If it cannot be measured, it cannot be managed” – Peter Drucker

Pharma companies having no choice but to transform themselves to boost their performance, they can follow the 8-step process for leading change

The 8-Step Process for Leading Change – Principle



Source: Adapted by Smart Pharma Consulting from John P. Kotter 1996 and 2016, Richard L. Daft 2016

The careful implementation of these eight steps is important because it provides pharma companies with a robust framework to facilitate the change process

The 8-Step Process for Leading Change – Implementation

1. Create a sense of urgency

- From competitive environment and company performance, people must see (facts) and feel (emotions) the necessity to transform the company
- Most managers must be able to describe opportunities for collaborators

2. Build a guiding coalition

- A “transformation team” with a strong leader must be set up
- This “guiding coalition” must be strongly convinced of the need to change...
- ... and form a powerful close-knit group in terms of reputation, influence, etc.

3. Create a vision and craft a strategy

- A clear vision people adhere to and...
- ... a good understanding of the strategy to make it a reality will help envision the benefits of the change for individuals and the company
- Leaders play a key role at this stage

4. Enlist volunteer team

- To make change happen, a large team of advocate and role models who “walk the talk” and drive in the same direction to achieve the vision, must be built

5. Enable actions by removing barriers

- Structures and processes that obstruct the change effort should be removed
- Risk taking and innovative ideas should be encouraged

6. Generate quick-wins

- Quick wins are essential to boost the credibility of the change process and keep the momentum going

7. Sustain acceleration

- Activities, structures, processes and cultural traits which do not fit with the new vision must be changed
- Change leaders should be hired, promoted, developed

8. Institute change

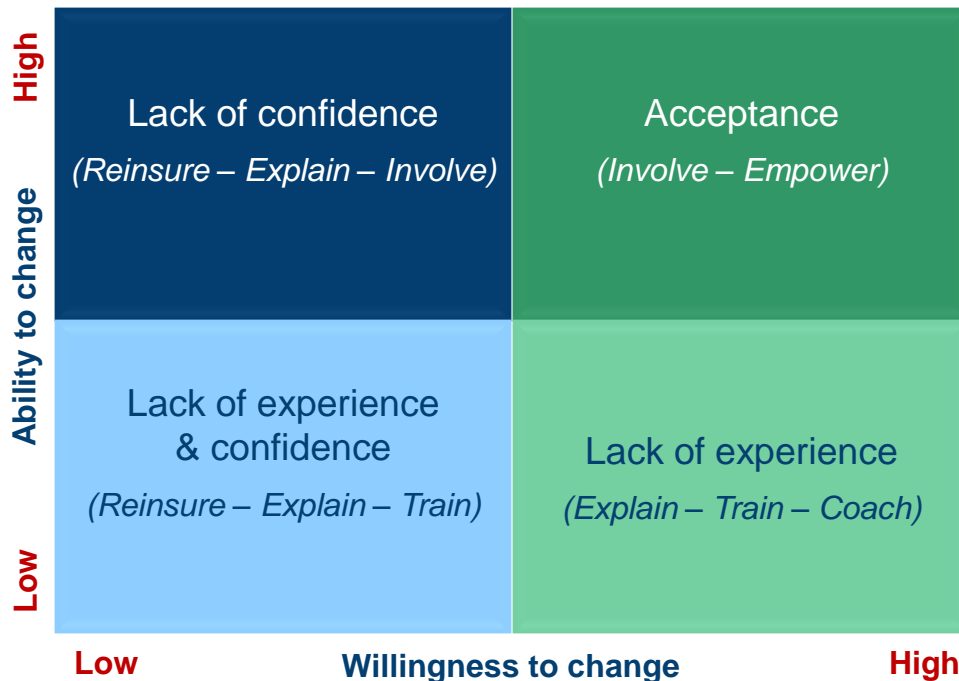
- How new activities, structures, processes and cultural traits have helped improve performance should be shown and institutionalized to make the change stick

Source: Adapted by Smart Pharma Consulting from John P. Kotter 1996 and 2016, Richard L. Daft 2016

Change management requires to pay a special attention to resisters and apply the appropriate techniques to address the root causes of their resistance

Management of Resistance to Change

Resistance to Change Matrix



Techniques for Reducing Resistance to Change

- **Education & communication**
 - In case of misinformation, but may not work if lack of trust and credibility
- **Participation**
 - When resisters are able to contribute
- **Facilitation & support**
 - When resisters are fearful and anxious
- **Negotiation**
 - When resistance comes from a powerful group, but can open doors for others to apply pressure too
- **Manipulation & co-optation**
 - When a powerful group endorsement is needed, but can backfire and cause to lose credibility
- **Coercion**
 - When a powerful group endorsement is needed, but may be illegal, backfire and cause to lose credibility

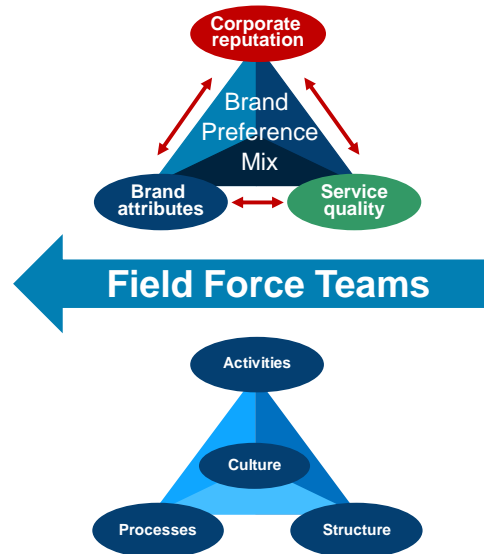
The Smart Field Force Framework helps pharma companies better align their strategy and their organization to optimize their performance

Smart Field Force Framework Recommendations

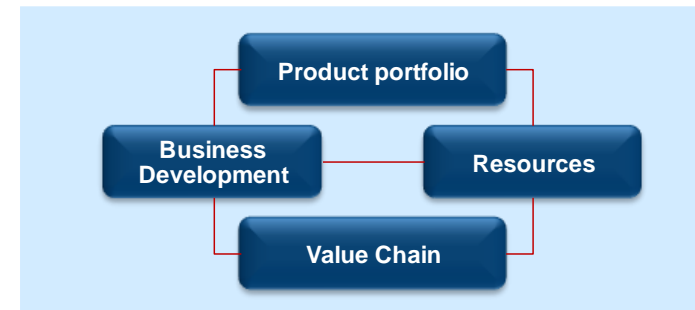
Competitive Landscape Analysis



- Policy makers want to develop a more effective and efficient healthcare system
- Payers priority is to better control healthcare expenditure by cutting prices and limiting access to patients
- PAGs fight to get an earlier and broader access to innovative treatments and get better therapeutic outcomes
- HCPs need more time to treat patients and to remain well informed of innovations and new medical practices



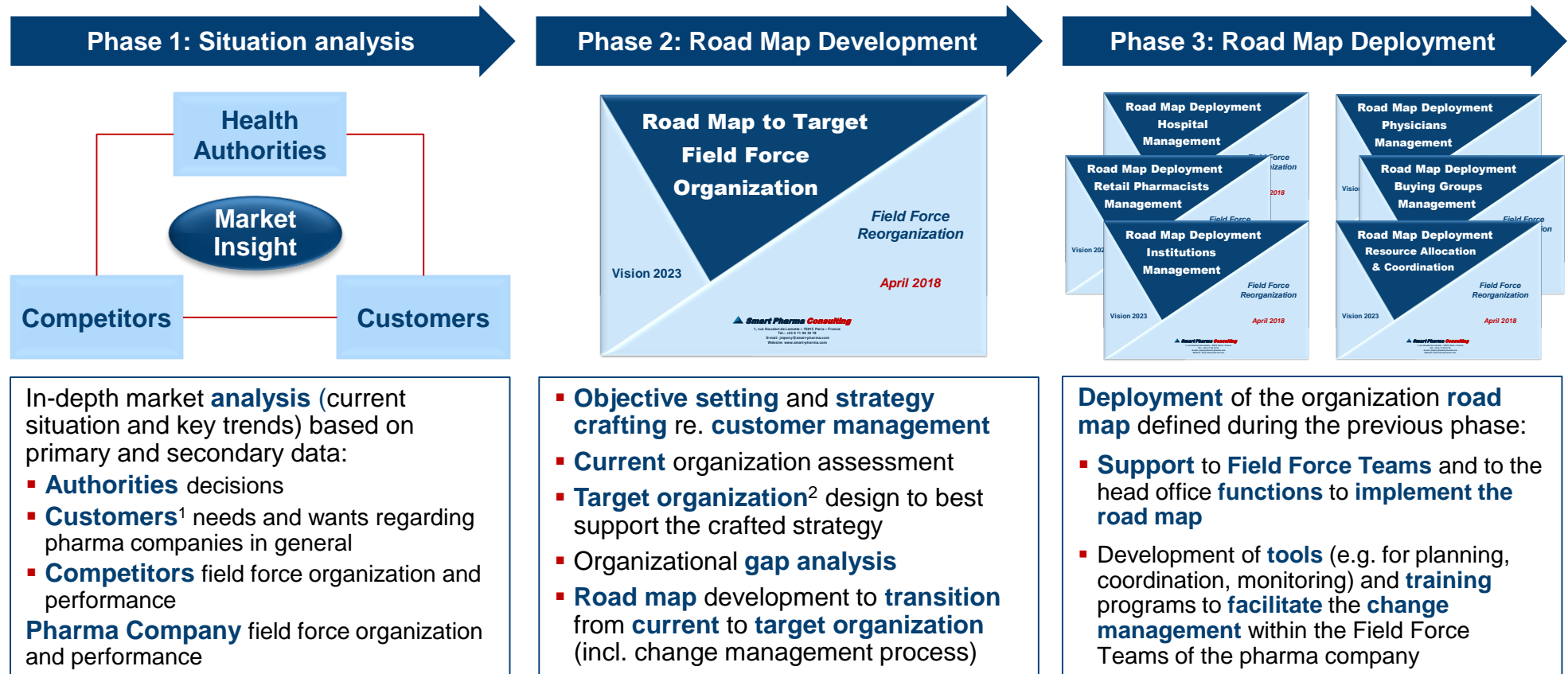
Company Assets Assessment



- Strategy should be focused at enhancing customers preference to their brands with the help of the Brand Preference Mix
- Organization should be designed so that:
 - Activities are carried out by highly competent people working in multidisciplinary teams
 - Field Force Teams are structured around customers / customer groups
 - Processes are kept simple to guarantee agility, flexibility and leanness
 - Passion for their job is developed and cultivated amongst Field Force Teams

The following method to reorganize Field Force Teams is one example of the services proposed by Smart Pharma Consulting to help pharma companies

Example of Method to Reorganize of Field Force Teams



Source: Smart Pharma Consulting

¹ Including: hospital and retail pharmacists, hospital and office-based physicians (specialists or GPs), PAGs, regional health authorities / payers – ² Taking into account the four following dimensions: Activities – Processes – Structure – Culture



The Best-in-Class Series

- This series intends to share concepts, methods and tools to boost the efficiency and efficacy of executives having operational responsibilities in the pharma business
- We have yet published seven Best-in-Class issues:
 1. MSLs
 2. Pharma Marketers
 3. Medical Reps
 4. Hospital KAMs
 5. Pharma BD&L
 6. Pharma Market Research
 7. Pharma Strategy Crafting

Issue #8: Best-in-class Pharma Field Force Organization

- In this new booklet we propose a 6-step process to design a Field Force Team to support effectively and efficiently the customer strategy:
 - Step 1: Field Force Strategic Square
 - Step 2: Strategic Objective
 - Step 3: Strategic Model
 - Step 4: Key Tactics
 - Step 5: Organizational Model
 - Step 6: Expected Outcomes

Smart Pharma Consulting Editions



- Besides our consulting activities which take 85% of our time, we are strongly engaged in sharing our knowledge and thoughts through:
 - Our teaching and training activities
 - The publication of articles, booklets, books and expert reports
- As of today, more than 100 publications in free access can be downloaded from our website
- Since the beginning of 2017, we have published:
 - 2 business reports (The French Pharma Market 2016 – 2022 – The French Generics Market, incl. Biosimilars)
 - 9 position papers in the “Smart Manager Series” and in the “Best-in-Class Series”
- Our research activities in pharma business management and our consulting activities have shown to be highly synergistic
- We expect that this new publication will interest you and we remain at your disposal to carry out consulting projects or training seminars to help you improve your operations

Best regards

Jean-Michel Peny