

Pharma Strategy at Affiliate Level

————— BEST-IN-CLASS SERIES # 11 —————

“Uncertainty created by the Covid-19 crisis, requires – more than ever – to conduct a robust strategic thinking”

April 2021

This document proposes a methodology and tools to help management committees of Pharma companies' Affiliates craft a robust strategy, despite the high uncertainty due to the Covid-19 crisis

Introduction

- An unprecedented crisis triggered by the Covid-19 pandemics has hit the world since early 2020
- All kinds of specialists¹ have emerged to the public, explaining what is going to happen and what should have been done to better manage the crisis
- The problem is that all those thought leaders have been very poor at predicting the future...
- ... and quick at making sweeping recommendations, based on hasty and shallow thoughts
- At Smart Pharma Consulting we do think that, more than ever, pharma companies' Affiliates and their management committee should:
 - Carry out a robust analysis of the 2019-2020 period
 - Build scenarios for the 2021-2025 period, based on documented assumptions and a formal processto better seize opportunities and address threats while leveraging with a greater efficacy the company's assets
- For so doing, we propose the “Smart Strategic Model” proven methodology, tools and a customized support

“The Covid-19 crisis has discredited a bunch of arrogant forecasters and lazy trouble shooters, reinforcing the value of a formal strategic thinking process”

The 4 Ws approach that we have developed enables Affiliates to make evidence-based strategic, tactical and organizational decisions and thus improve their relevance and consistency

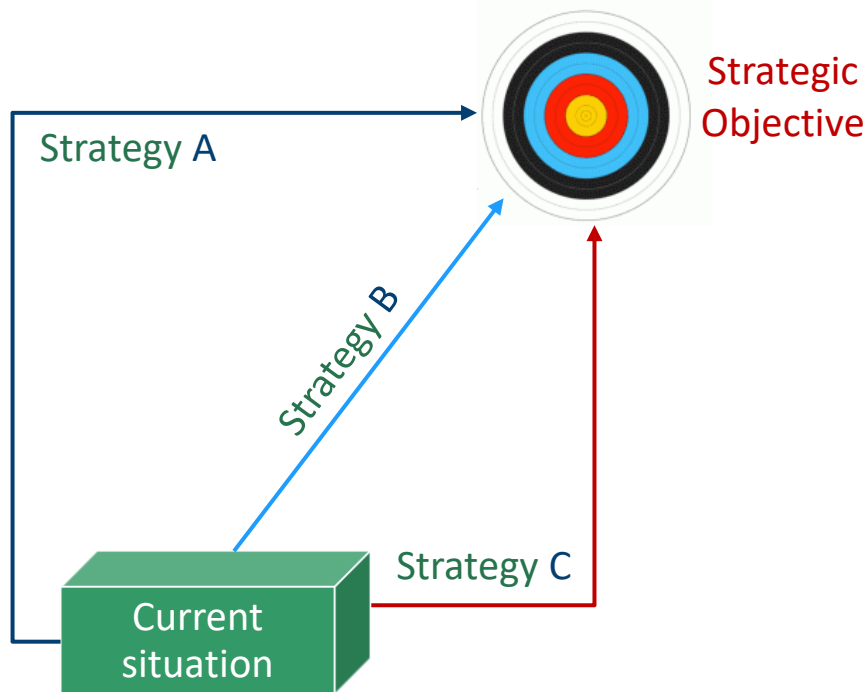
The 4 Ws approach



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The Smart Strategic Model – Principle

- Strategies at affiliate's level should be considered in a time horizon of 3 to 5 years
- To achieve an objective, different strategies may be considered



- Affiliate's strategy will be based on criteria such as:
 - Constraints (e.g., legal, technical or financial constraints, deadlines, corporate decisions, market threats, competitive weaknesses)
 - Drivers (e.g., capabilities, specific know-hows, market opportunities, competitive advantages)
 - Habits (e.g., willingness to remain or step out of the Affiliate's comfort zone)
- The likelihood to achieve the set objective depends as much on the selected strategy as on supporting activities (tactics) and the excellence in their execution

The Smart Strategic Model helps to align the “Strategic Triangle” to the strategic objective and then to craft the best strategy and the corresponding tactics supported by the right organization

The Smart Strategic Model – Principle



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

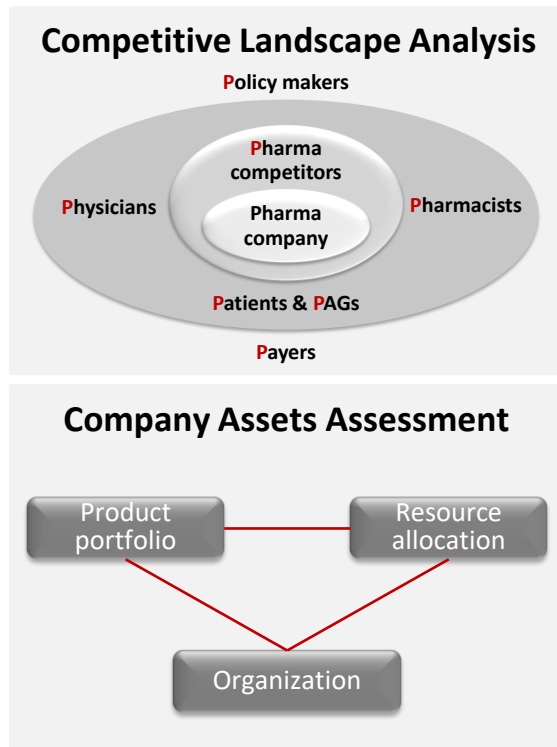
- **Objective:** What do we want to achieve?
- **Strategy:** Where to play and how to win?
- **Tactics:** How to execute the strategy?
- **Organization:** What activities, processes, structure¹ and culture we put in place to execute the strategy?

- **Expected Outcomes:**
 - Are they in line with the strategic triangle?
 - Are they consistent with the set objectives?
 - How are they going to be monitored?

The strategy should be crafted based on a robust analysis of the situation and its trends, and the strategic objective set, prior to the design/adjustment of the organization

The Smart Strategic Model – Principle

1. Situation & Trends Analysis



2. Strategic Objective

3. Strategy Crafting & Tactics



4. Organization Design



The competitive landscape analysis consists in identifying the current and evolving opinions and behaviors of key stakeholders, the corresponding driving factors and the implications for Affiliates

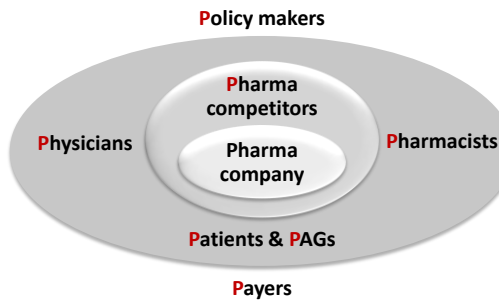
The Smart Strategic Model – 1. Situation & Trends Analysis

Illustrative

Competitive Landscape Analysis

Policy makers / Payers

- Registration process and policies
- Pricing and reimbursement policies
- Medical guidelines developed by health authorities
- Trade regulations
- Public health initiatives



Pharma Competitors

- Customer preference strategy:
 - Product portfolio
 - Service offering
 - Corporate reputation
- Resource allocation (medico-marketing & sales)
- Organizational model

Physicians

- Evolving practice (working time and organization, tele-medicine)
- Prescribing habits and alignment with guidelines
- Budget constraints
- Relationships with patients
- Relationships with pharma companies (in-field and office-based collaborators)
- Unmet needs

Patients / PAGs

- Role of PAGs to influence other stakeholders (e.g., authorities, physicians, individual patients)
- Position vis-a-vis pharma companies
- Relationships with HCPs
- Patients' knowledge re. health and pharma ecosystem
- Unmet needs

Pharmacists (hospital-based)

- Drug listing and purchasing policy
- Position re. the use of generics and biosimilars
- Power of influence within the hospital

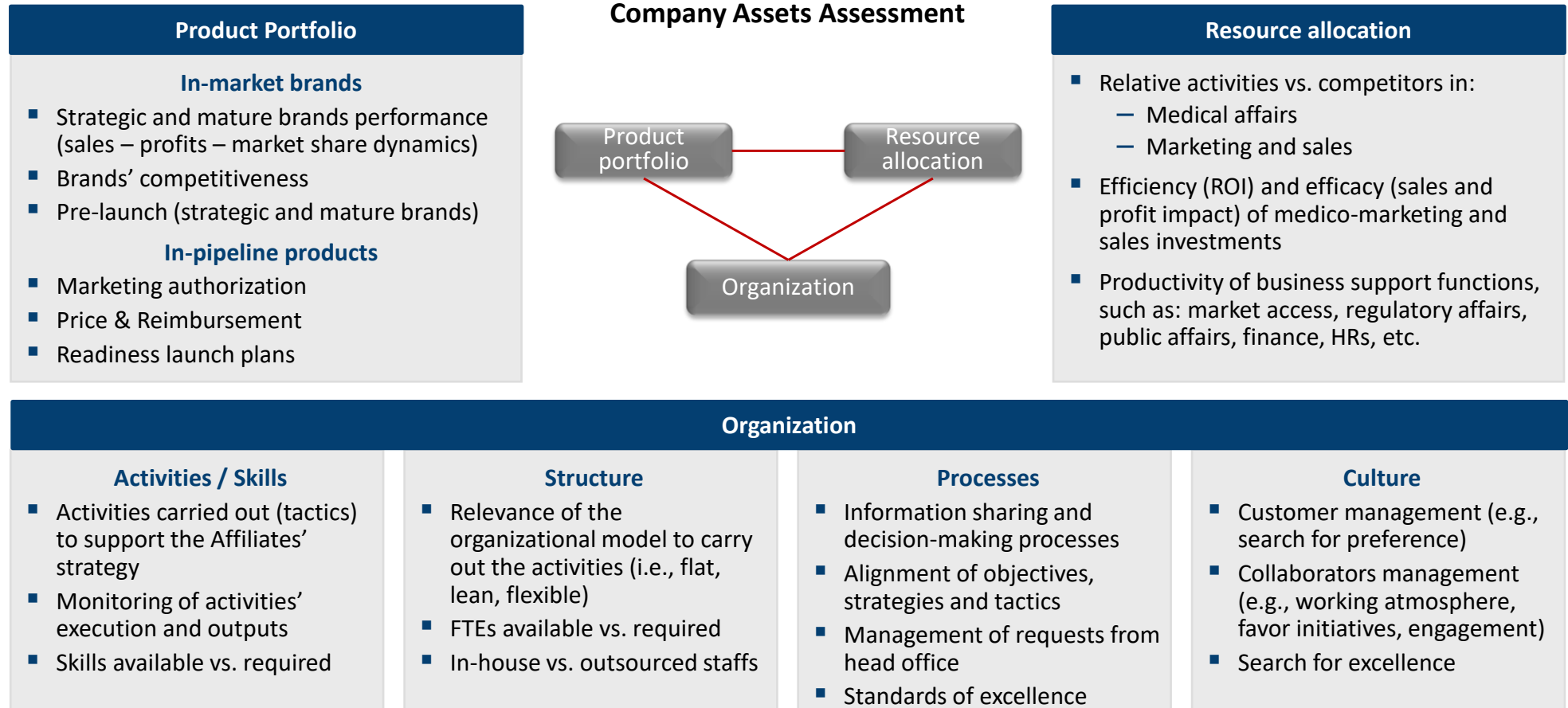
Pharmacists (retailers)

- Role in public health initiatives (e.g., screening, education at the point of sale)
- Purchasing policies and selling priorities

The Affiliates should evaluate their assets by reviewing their competitive position about their product portfolio, their available resources and the configuration of their organization

The Smart Strategic Model – 1. Situation & Trends Analysis

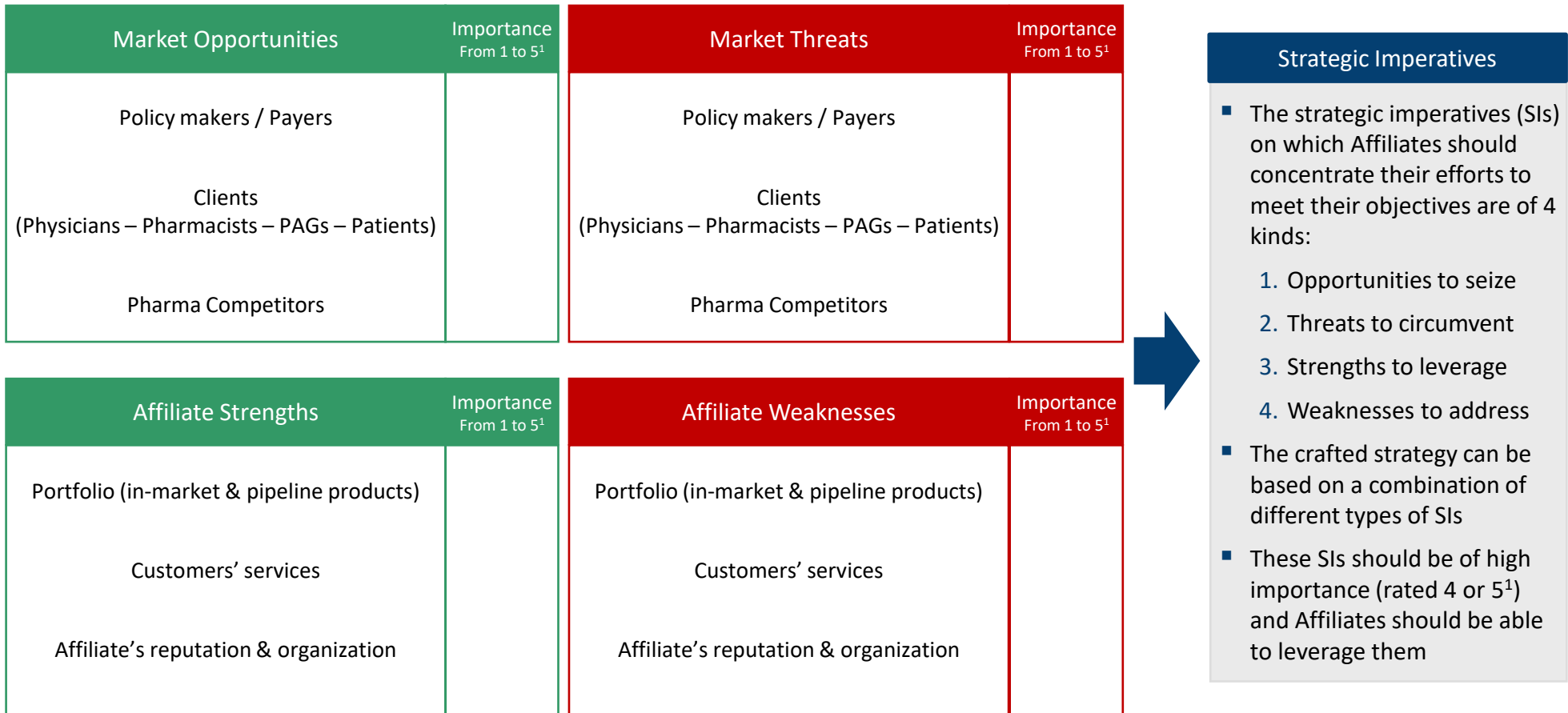
Illustrative



The design of the “Advanced SWOT” facilitates the identification of strategic imperatives which are opportunities to seize, threats to circumvent, strengths to leverage and/or weaknesses to address

The Smart Strategic Model – 2. Advanced SWOT & Strategic Imperatives

Illustrative



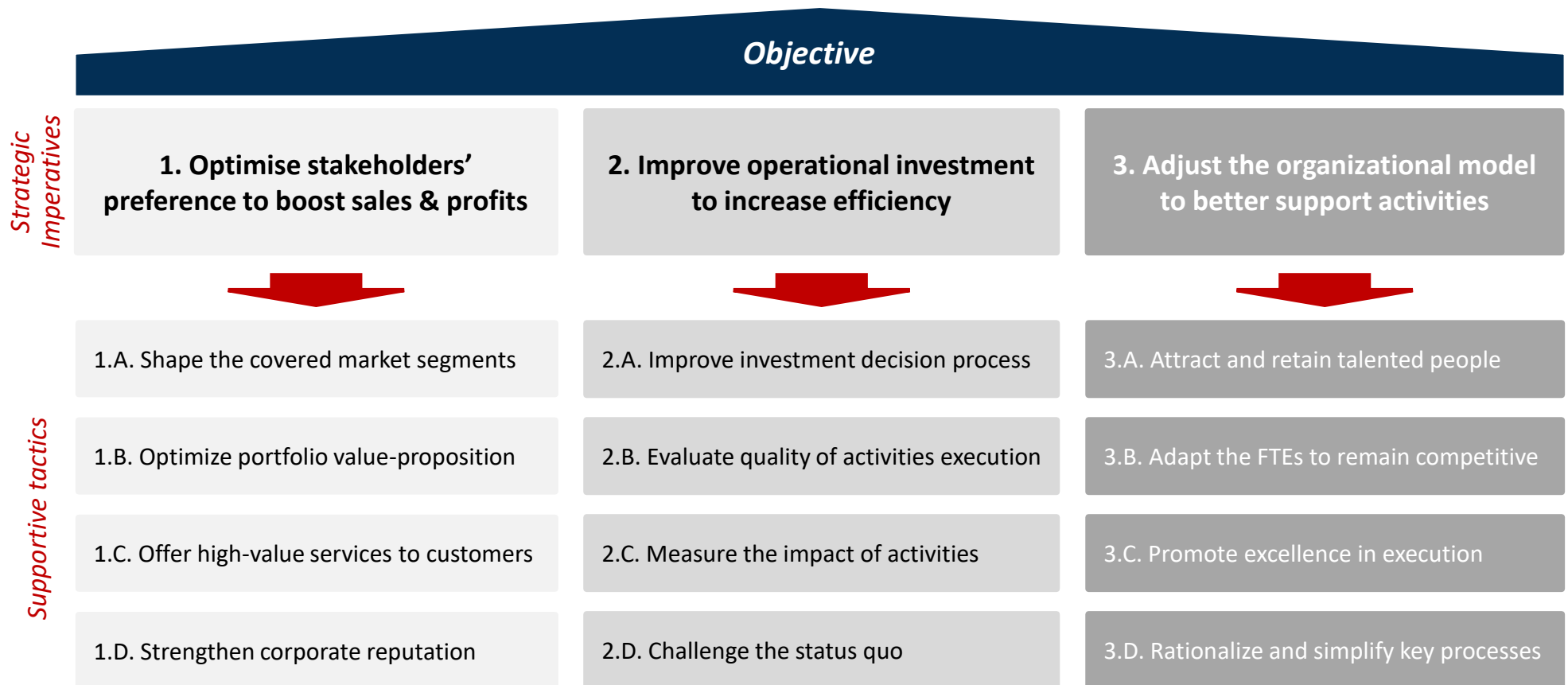
Sources: Smart Pharma Consulting

¹ 1 = Low – 5 = High

The Affiliate’s strategic card which must be developed by the management committee enables to represent on the same page the strategic objective, the strategic imperatives and the key tactics

The Smart Strategic Model – 3. Strategic card design - Affiliate level

Illustrative



The Affiliate’s strategic card will then be translated at each department level by each member of the management committee who will ensure the perfect consistency between the two levels

The Smart Strategic Model – 3. Strategic card design - Department level

Illustrative

Affiliate’s strategic card



Affiliate’s strategic card



- The Affiliate’s strategic card should be crafted by the management committee
- Then, each member of the management committee will develop the strategic card of its own department
- The Affiliate’s and the Departments’ strategic cards should be perfectly consistent

This model of ID card will help management committee members plan and monitor the execution of the key activities that have been selected to support the selected strategic imperatives

The Smart Strategic Model – 4. ID card design by key tactic

Illustrative

- **SI:** precise the SI this tactic is supposed to support
- **Objective:** define the specific objective of this tactic
- **Description:** describe briefly the tactic

- **Stakeholder type:** internal, external (e.g., authorities, payers, HCPs, PAGS)
- **Number of stakeholders:**

Priority
One – Two

Planning	Actions			Timing	Owner	FTEs	OPEX
Key actions to implement this tactic							
Monitoring	Quantitative / qualitative metrics	Indicator objective	Indicator achievement		Key implications / Comments		
Key Execution Indicators (KEIs) ¹ (quality of execution)							
Key Performance Indicators (KPIs) ¹ (Impact of the action)							

Sources: Smart Pharma Consulting

¹ See our position paper “KPIs & KEIs for Success” available on Smart Pharma Consulting website: <https://smart-pharma.com/wp-content/uploads/2019/07/Smart-Management-Series-KPIs-KEIs-VW.pdf>

Smart Pharma Consulting can help management committees of Pharma Affiliates develop a practical and consistent Strategic Plan, along with a series of tools to monitor the excellence of its execution

Key takeaways & Smart Pharma Consulting Support

- The “Smart Strategic Model” is straightforward to implement by affiliates, irrespective of their size
- The 1st step consists in developing robust and well-structured market insights as illustrated by the report we have just published for the French Pharma market¹
- During the 2nd step, the management committee of the Affiliate will develop an “Advanced SWOT” from which strategic imperatives will be drawn
- The 3rd step focuses on aligning on one page:
 - The Affiliate 3- to 5-year objective
 - The corresponding strategic imperatives (SIs)
 - The supportive tactics
- Then, the management committee members will develop the Strategic Card of their department...
- ... and will plan and monitor their key activities with the help of a “Key Activity ID Cards”



Smart Pharma Consulting has a long experience in supporting Affiliates – of any size – to develop a robust, consistent and relevant Strategic Plan with the help of a simple and proven methodology, and easy-to-use tools

Consulting firm dedicated to the pharmaceutical sector operating
in the complementary domains of strategy, management and organization

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 10 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
 8. Pharma Field Force Organization
 9. Hospital & Institution Relationships in Regions
 10. Strategic KOL Engagement Planning

Issue #11

Pharma Strategy at Affiliate Level

- This position presents the “Smart Strategic Model”, a simple and proven method with easy-to-use tools to help management committees of Pharma Affiliates develop robust Strategic Plans
- We recommend a four-step approach:
 1. Situation & Trends analysis
 2. Advanced SWOT & Strategic Imperatives
 3. Strategic card design
 4. ID card design by key tactic

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
- More than 80 publications, in free access, can be downloaded from our website, of which:
 - 19 business reports (e.g., The French Pharma Market)
 - 11 position papers in the “Best-in-Class Series”
 - 16 position papers in the “Market Insights Series”
 - 10 position papers in the “Smart Tool Series”
 - 8 position papers in the “Smart Manager Series”
- Our research activities in pharma business management and our consulting activities have shown to be highly synergistic
- We hope that this new publication will be useful for you
- We remain at your disposal to carry out consulting projects or training seminars to help you improve your operations

Best regards

Jean-Michel Peny