



Optimizing Pharma Affiliate Performance...

... in a more than ever
uncertain & hostile environment

We propose a proven and straightforward methodology to help management of Pharma companies' affiliates enhance their performance despite the uncertainty and hostility of the sector

Introduction

- The pharma industry is under **pressure**, as never before, due to **new threats**, such as:
 - The willingness of the **US government** to cut drug **prices** on their **domestic market** and raise **custom duties**...
 - ... knowing that **USA** concentrates **43%** of the worldwide **sales** and **~75%** its **profits**
 - Increasing **healthcare funding pressures** and challenges in most of the **largest markets**, **containing** the **drug spending evolution**
- In this tough environment, more than ever, pharma **affiliates** should:
 - **Adjust** their corporate **strategy** to the reality of their **national market**
 - **Align** financial, technical and human **resources** to achieve their performance objective
 - **Ensure** a second to none **excellence** in **execution**
- To do so, **we propose a practical methodology**, developed for pharma affiliates, based on:
 - **A rigorous market analysis** to prioritize opportunities to seize and threats to address
 - **A robust assessment of affiliate** strengths to leverage and weaknesses to circumvent
 - **A shared objective** and **strategic imperatives**
 - **Cross- and intra-departments alignment** re. **key tactics** to be implemented
 - Agreed upon “**best practices**” to **comply with**
 - Strict **monitoring** of activity **execution** and respective **impact** to fill potential **gaps**

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

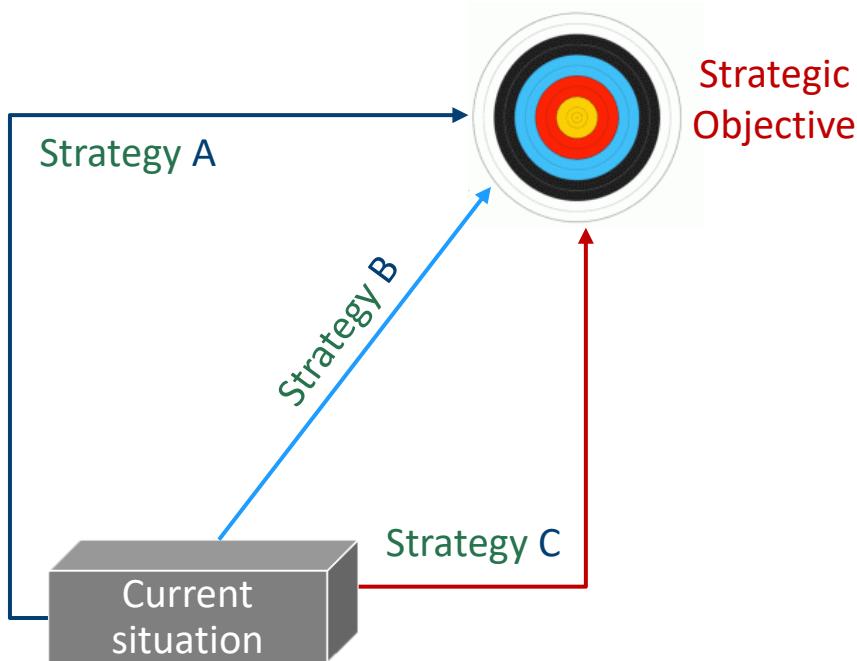
The 4 Ws Approach



It is essential to share with collaborators the affiliate's objective, get their alignment on the crafted strategy and their commitment to ensure an efficient and high-quality execution

Pharma Affiliate Performance Optimization – Principle

- The affiliate **strategy** should ideally be **crafted** in a time **horizon of 3 to 5 years**, but with a **special focus** on the **1st year**
- To achieve the set objective, **different strategies** (or combinations of strategic imperatives) **are possible**

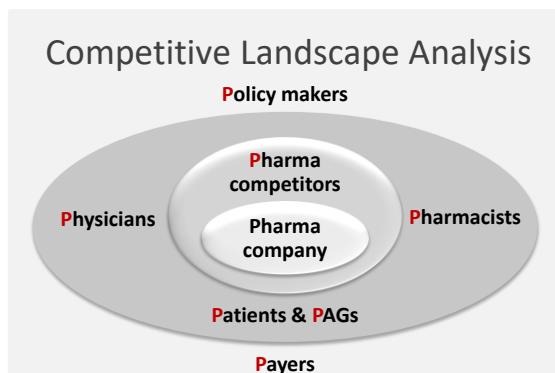


- **Affiliate's strategic imperatives** will be defined based on:
 - **Constraints** (e.g., market threats, competitive weaknesses, corporate decisions, legal, technical or financial constraints, deadlines)
 - **Drivers** (e.g., market opportunities, competitive advantages, capabilities, specific know-hows)
 - **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** of their **execution**

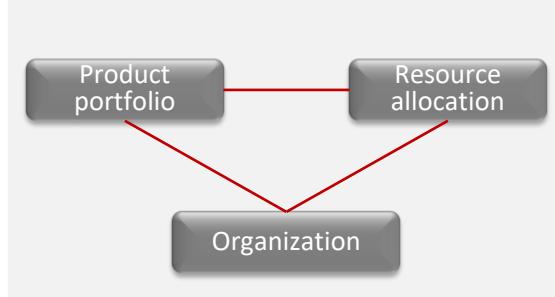
The strategy should be crafted based on a robust analysis of the situation and its trends, and the strategic objective set, prior to the design/adjustment of the organization, if required

Pharma Affiliate Performance Optimization – Principle

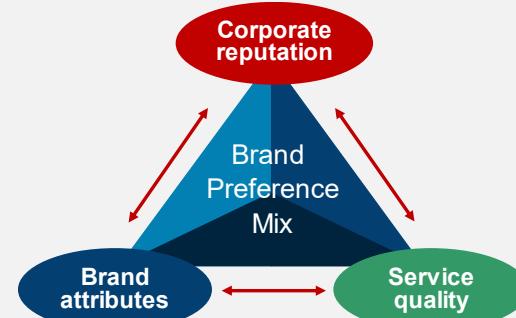
1. Situation & Trends Analysis



Company Assets Assessment



3. Strategy Crafting & Tactics

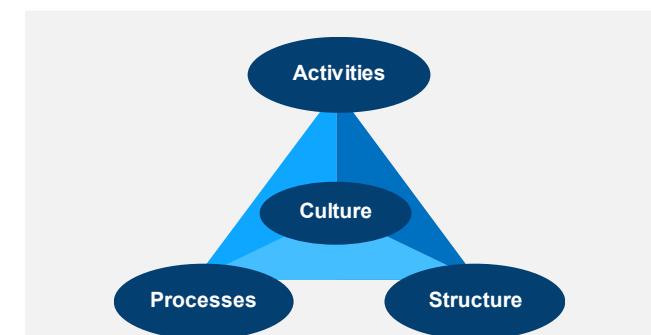


Affiliate's strategy and related tactics should – in priority – attempt to **raise customer preference** and **create sustainable competitive advantages** by:

- Seizing market opportunities
- Circumventing market threats
- Leveraging on competitive strengths
- Addressing competitive weaknesses

2. Strategic Objective

4. Organization Design



The **organization** should **support effectively and efficiently** the crafted **strategy and related tactics**

Four dimensions should be considered:

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

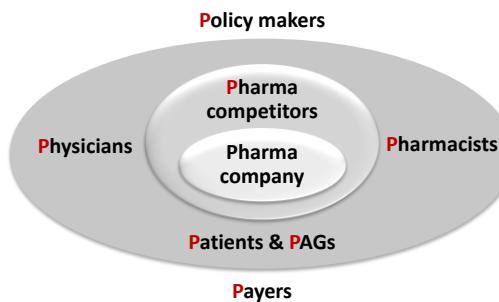
The competitive landscape analysis consists in identifying the current and evolving opinions and behaviors of key stakeholders, the corresponding driving factors and the implications for affiliates

Pharma Affiliate Performance Optimization – 1. Situation & Trends Analysis

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)

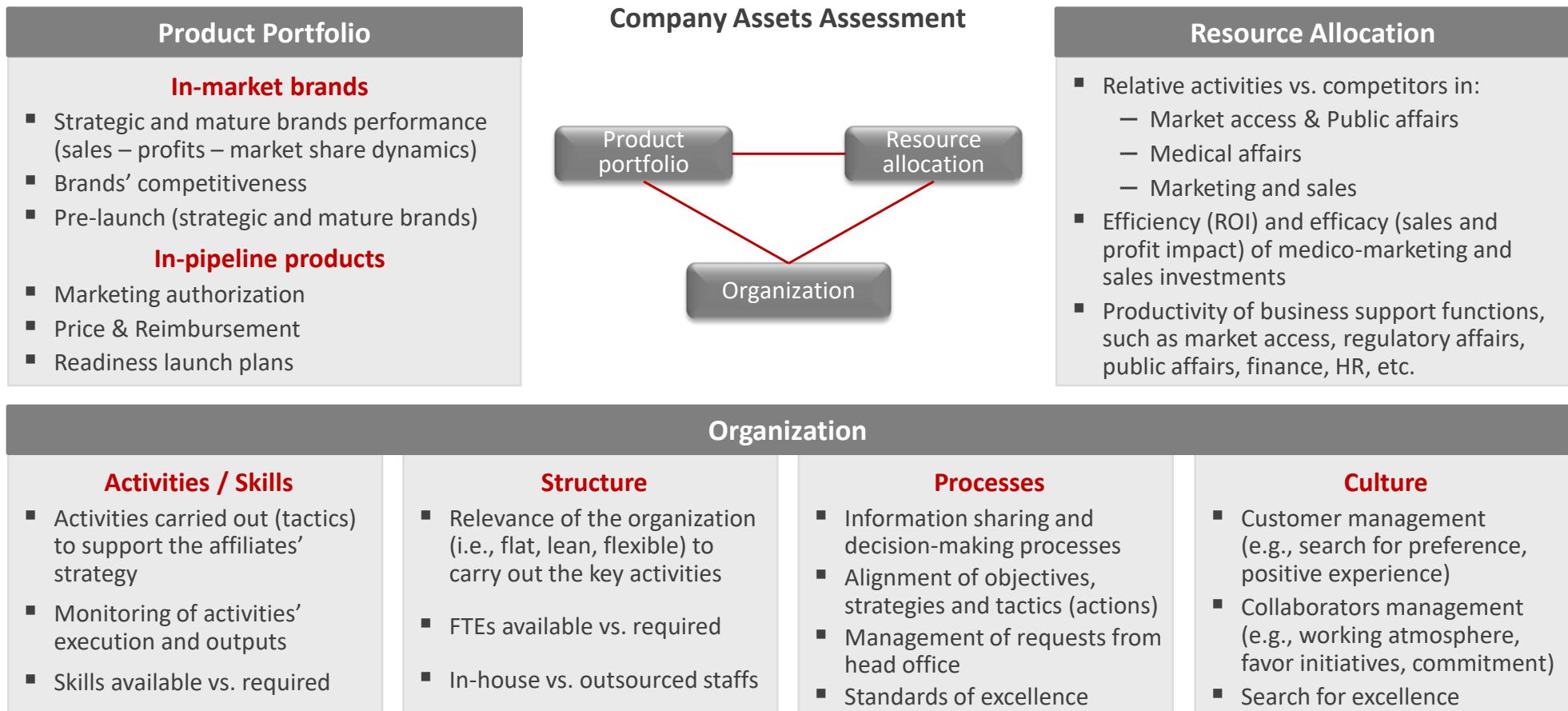
- Drug listing and purchasing policy
- Position re. the use of generics and biosimilars
- Power of influence within the hospital

Pharmacists (retailers)

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

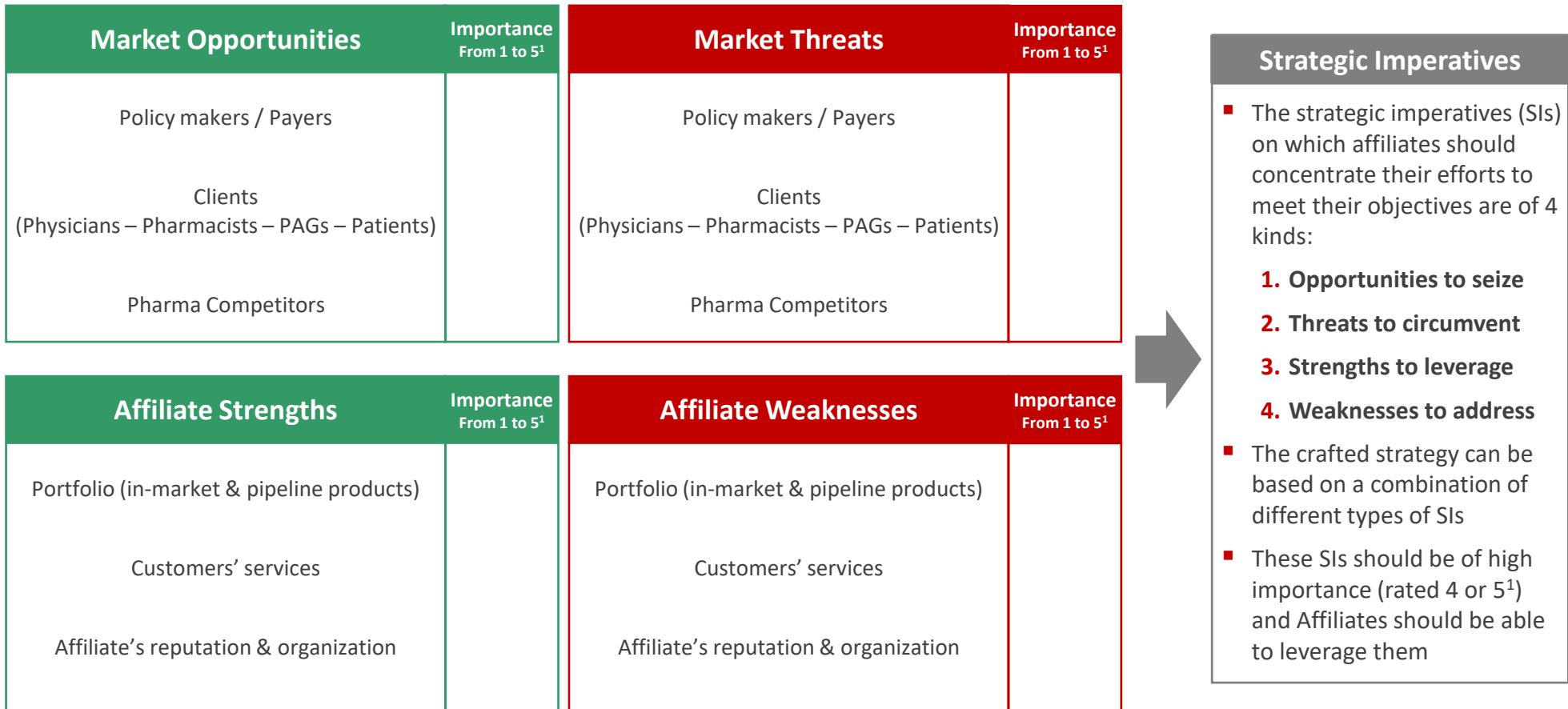
The affiliates should evaluate their assets by reviewing their competitive position about their product portfolio, their available resources and the configuration of their organization

Pharma Affiliate Performance Optimization – 1. Situation & Trends Analysis



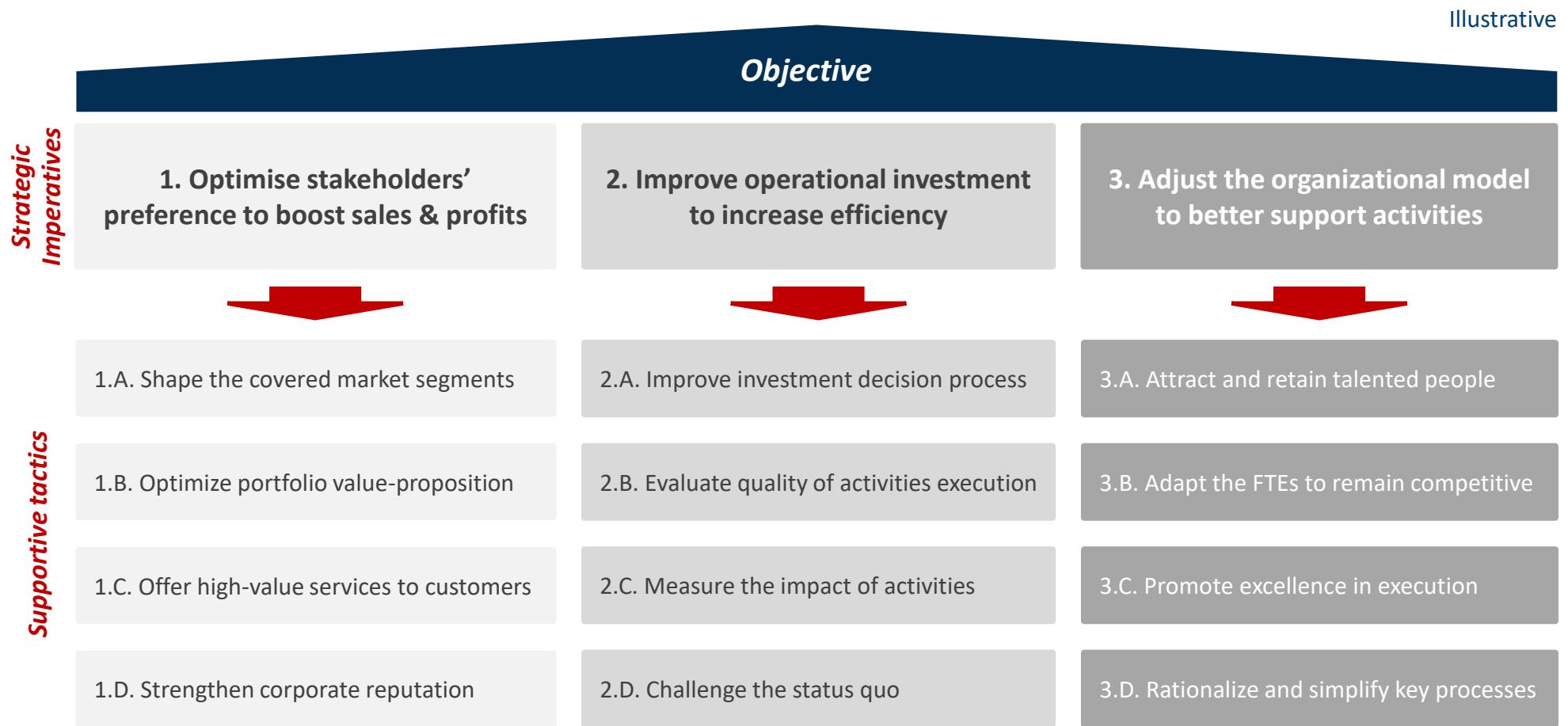
The “Advanced SWOT” facilitates the identification of strategic imperatives which are opportunities to seize, threats to circumvent, strengths to leverage and/or weaknesses to address

Pharma Affiliate Performance Optimization – 2. Advanced SWOT & Strategic Imperatives



The affiliate's strategic card which should be developed by the management committee represents on one page the strategic objective, the strategic imperatives and the key tactics

Pharma Affiliate Performance Optimization – 3. Strategic Card Design – Affiliate Level



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

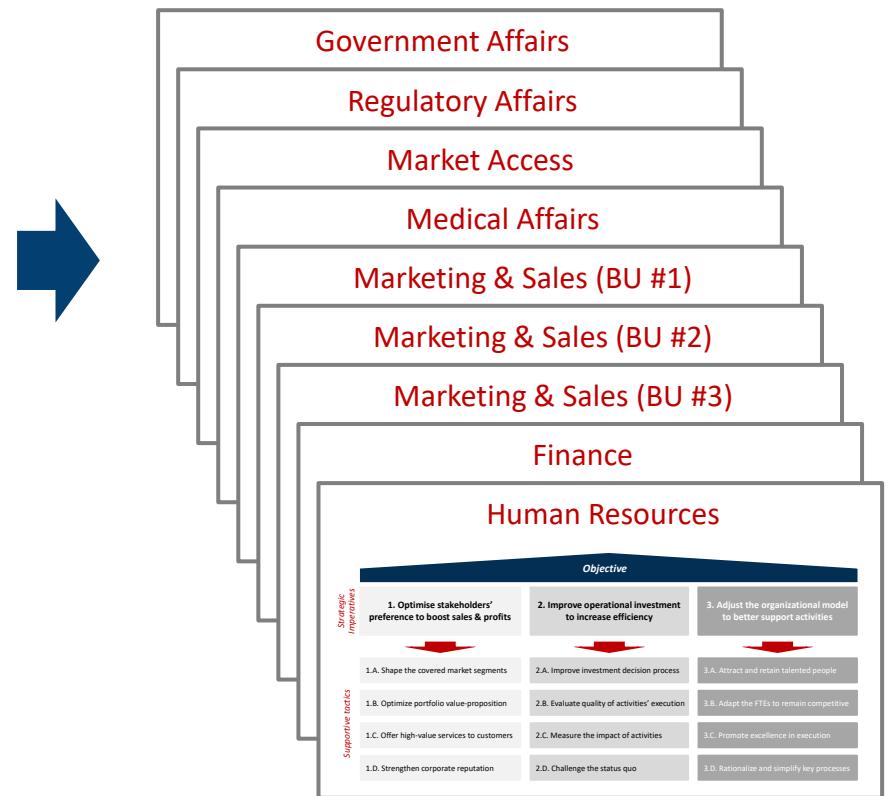
Pharma Affiliate Performance Optimization – 3. Strategic Card Design – Department Level

Illustrative

Affiliate's Strategic Card



Departments' 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**
- Departments' strategic cards should be **consistent with** the affiliate's one and **aligned with** other departments

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

Pharma Affiliate Performance Optimization – 4. ID Card by Key Tactic

<ul style="list-style-type: none"> ▪ SI: precise the strategic imperative this tactic is supporting ▪ Objective: define the specific objective (expected impact) of this tactic ▪ Description: describe briefly the tactic 		<ul style="list-style-type: none"> ▪ Stakeholder type: internal, external (e.g., authorities, payers, HCPs, KOLs, PAGs) ▪ Number of stakeholders: 		Priority One – Two
Planning	Actions	Timing	Owner	FTEs
Key actions to implement this tactic				
Monitoring	Quantitative / qualitative metrics	Indicator objective	Indicator achievement & gap analysis	Key implications / decisions
Key Execution Indicators (KEIs) ¹ (quality of execution)				
Key Performance Indicators (KPIs) ¹ (impact of the action)				

Smart Pharma Consulting can help pharma affiliates optimize their top- and bottom-lines by developing a robust and practical strategic plan engaging all levels collaborators

Key Takeaways & Smart Pharma Consulting Support

- The “Pharma Affiliate Performance Optimization” methodology is **straightforward to implement** by affiliates, **irrespective of their size**
- The **1st step** consists in **gathering robust and well-structured market insights** from which affiliates will **cover the *What – Why – so What* steps** of the **4 Ws approach** proposed by Smart Pharma Consulting
- During the **2nd step**, the **management committee** of the affiliate will **develop an “Advanced SWOT” to draw strategic imperatives**
- The **3rd step** focuses on **aligning** on one page:
 - The affiliate **strategic objective**
 - The corresponding **strategic imperatives (SIs)**
 - The **supportive tactics**
- Then, **department heads** will **develop a Strategic Card**, including the **planning and monitoring** of their **key activities** with the help of “**Key Activity ID Cards**”
- The **2nd and 3rd steps** will **cover the *What to do* step** of the **4 Ws approach** regarding strategy, tactics and organization



Smart Pharma Consulting has a long experience in supporting affiliates – of any size – to develop robust, consistent and relevant strategic plans with 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

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
- Our tools and recommendations are based on both:
 - Our consulting experience in the pharma sector
 - Our research for innovative, pragmatic and useful solutions
- Each issue is designed to be read in less than 20 minutes and not to exceed 20 pages

Optimizing Pharma Affiliate Performance...

... in a more than ever uncertain & hostile environment

- This paper presents the “Pharma Affiliate Optimization” methodology developed to build robust and practical strategic plans to boost affiliates top- and bottom lines
- We recommend a four-step approach:
 1. National competitive situation and trends analysis
 2. “Advanced SWOT” & strategic imperatives selection
 3. Strategic Card design at affiliate and departments levels
 4. ID cards by key tactic to ensure a high-quality execution

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 activities in advanced masters (ESSEC B-school)
 - Training activities for pharma executives
 - The publication of articles, booklets, books and expert reports
- Our publications can be downloaded from our website or the following link [Complete Collection](#) :
 - 43 articles
 - 77 position papers covering the following topics:

1. Market Insights	5. Marketing
2. Strategy	6. Sales Force Effectiveness
3. Market Access	7. Management & Trainings
4. Medical Affairs	
- Our research activities in pharma business management and our consulting activities have shown to be highly synergistic
- We remain at your disposal to carry out consulting projects or training seminars to help you improve your operations

Best regards

Jean-Michel Peny