

Sales Force Productivity Enhancement by PromoMonitor®



Autor článku:
Dr. Henning Sommermeyer

Introduction

Doing business with prescription based pharmaceutical products in the Czech Republic has undergone a significant change in dynamics during the recent years. While in the past, top management was focusing on marketing and sales force programs, today a significant amount of management resources has shifted towards market access, pricing and reimbursement issues. In the last years, the healthcare environment for reimbursed pharmaceutical products is more and more exposed to interventions of the state authorities. Some of them are even difficult to predict and can come on short notice, providing an extra challenge to the management of pharmaceutical companies. The so-called "Janota package", implementing a general price cut of 7% in early 2010, is an example for these kind of state interventions.

While top management's attention is consumed by new challenges, it remains a fact, that sales force management still provides one of the strongest levers to optimize productivity in the pharmaceutical industry. The industry has to realize, that the pressure on their profit margin will continue. In principle this challenge can be addressed by two measures: (1) cost containment and (2) increase of efficiency and effectiveness. Cost containment initiatives have the charming potential to result in fast effects. However, there is the risk that with lower investments there might be, at least mid- to long term, a negative effect on the sustainability of the business. In contrast, increasing the productivity of an organization is more challenging to achieve. However gaining higher productivity provides more potential for a sustainable improvement of the business situation.

Especially for the business with "retail" prescription drugs (prescribed by office based doctors), the most important production factor is the sales force. It is the cost for the sales force, which dominates the profit and loss statement on the cost side. In the following, we will describe the PromoMonitor® and how to use the tool to increase the productivity of sales force activities of pharmaceutical companies.

Description of the PromoMonitor®

There are different services available that provide a monitoring

of sales force activities at the level of doctors. The monitoring is based on a predefined panel of doctors who are reporting detail of individual visits of a pharmaceutical sales representative. Different panels are established to allow analysis of different specialists of doctors. In the case of the PromoMonitor of the company CEEOR, state-of-the-art technology is used, so that the input of the doctors is processed directly after the doctor's input into a web-based questionnaire. Thereby, information about its sales force activities is provided to the pharmaceutical company in "real time".

Information is collected on all visits realized at the individual doctor, which means that the pharmaceutical company is not only provided with information about their own sales force but also about competitor activities. For the management of the sales force it is important that the questions put to the doctors can be categorized into two categories: (1) questions related to "input" and (2) questions related to "output".

The input factors (see table 1) provide to the management a good understanding, how its sales (and marketing) strategy is implemented by the sales representatives. Quite frequently, it is observed that there are insufficiencies in the promotion of the second priority product during a sales visit. Therefore, enforcing a full implementation of the promotion of a second (or even third) priority product provides the chance for an impactful increase of sales force productivity.

Table 1: Input-related Questions

- Duration of visit
- Priority given to the different products promoted
- Usage of literature
- Usage of samples
- Usage of post marketing studies
- Topics discussed during the visit

While the input factor analysis provides an insight into the implementation of the defined sales strategy, the output factors (see table 2) are important to analyze the effectiveness of this strategy.

Table 2: Output-related Questions

- Usefulness of visit
- Change of prescription intention
- Loyalty of prescriber to a certain product
- Share of Voice

The best implemented strategy will not result in an improvement of the business, if it is not leading to an impact at the customer level. Monitoring the impact of the sales force activities at the customer level is therefore the second focus of the PromoMonitor®. While marketing might have been quite convinced that the marketing material will be perceived as "very useful", the direct customer feedback will reveal the real market situation. Changing doctor's prescribing behavior towards a higher prescription of a certain product is the goal and the PromoMonitor® provides the feedback to the company about how successful they are with their effort. Finally, the doctor's loyalty to a certain product will provide the insight, how much brand value has been generated by the sales force and marketing effort. The higher the loyalty is, the stronger the product is implemented into the prescription behavior of the doctor and the more value is generated for the company.

Especially for new product launches, it is interesting to analyze the time that the sales force needs to develop customers from "new" to "trialist" to "user" to "loyalist" and to what extent "loyalty" can be developed. Picture 1 shows a real life example of a product launch into the Czech market.

Utilization and Benefits of the PromoMonitor®

The PromoMonitor® can be used to monitor strategy implementation (input) and effectiveness (output) of the sales force action. Based on this insights from input measures, the management can initiate corrective action (e.g., reinforcing implementation of certain measures) and might even decide to invest in special trainings to support a better implementation of the strategy. The output measures allow to monitor, if the measures have resulted in the desired changed behavior of customers. In addition, the output factor discussion provides an excellent platform to bring marketing and sales force to one table to discuss future initiatives to improve business performance.

Using the PromoMonitor® on a regular (monthly) basis is allowing constant monitoring of sales force (and marketing) activities and provide the necessary objective information to take corrective action when necessary. Today, the more advanced organizations have already integrated the PromoMonitor® into their planning process. Key performance indicators derived from the PromoMonitor®, especially, when linked to the incentive system can make the big difference in the market place and create higher return on the investments for the sales force.

Conclusions

Today, the utilization of PromoMonitor® might be a competitive advantage, for those companies who are utilizing this technology for their sales force management. This is especially true, when it is used routinely and when it has been integrated into the management of sales force (and marketing). For the future, the author is expecting that for those companies the not using of the PromoMonitor® will even turn into a significant disadvantage. Not using state-of-the-art technology to monitor and improve sales force productivity will turn into a competitive disadvantage, which will weaken the market position of these companies and will put their long term surviving in the market at risk.

About the author:

Dr. Henning Sommermeyer is a biochemist by training and worked for more than 20 years in the pharmaceutical industry. During the last 10 years he worked as General Manager for international pharmaceutical companies in different European Countries (Portugal, Poland, Czech Republic). Dr. Sommermeyer is the founder and owner of Pronaos s.r.o. a company providing consulting and management service for the pharmaceutical and other industries. Based on many years of operational experience, a strong network, and a proven track record, Pronaos s.r.o.'s service is used by international and national companies to establish or strengthen their position in different European markets.

Dr. Henning Sommermeyer
Pronaos s.r.o.

