PHARMACEUTICAL SALES MANAGEMENT
SHARPENING CUSTOMER-CENTRIC STRATEGIES TO RESTORE ACCESS AND STRENGTHEN RELATIONSHIPS

THE BOTTOM LINE:
New regulations and technology have caused pharmaceutical sales forces to adjust their approaches when targeting physicians. In today’s sales environment, companies encounter a range of challenges and opportunities: physicians joining networks, budget restrictions causing lower cost per rep, a move toward key account management (KAM), and an increased emphasis on customer-centric strategies.

This report explores the new strategies and tactics sales forces use to overcome access barriers and provide customer value in today’s increasingly restrictive landscape. The benchmarks within this report will help companies increase physician access and meet sales goals. It includes industry leaders’ strategies for optimizing client contact as well as key performance metrics and benchmarks focused on activity levels, staffing, hiring, investment and compensation.
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Pharmaceutical sales forces have responded to emerging regulations and rapidly changing technology by altering their methods for communicating with physicians. The data and analysis contained in this report will help you answer many questions as your company adjusts to these changes. Here are some of the key questions answered in this benchmarking study:

**KEY QUESTIONS ANSWERED IN THIS REPORT**

- What steps are sales reps taking to increase their customer-centricity?
- What success measures do top sales teams use to track performance?
- What factors should sales forces consider when developing their physician communication tactics?
- How are sales teams leveraging non-traditional communication methods?
- How do top pharmaceutical sales teams allocate their time?
- How do sales force resources compare across companies?
- How do field forces counter increasingly hectic doctor schedules?
- What traits are companies looking for when hiring new sales reps?

**Q. How many sales forces have adopted customer-centric strategies?**

**A.** 58% of surveyed US sales teams have implemented a customer-centric approach.
Cutting Edge Information analysts synthesized the following principles from the full breadth and depth of this project’s research. The principles are signposts to help improve your company’s sales force management strategies. While these points are not inclusive of all elements in this report, they emphasize its central and most critical concepts.

1. IMPLEMENT CUSTOMER-CENTRIC STRATEGIES TO OVERCOME PHYSICIAN ACCESS CHALLENGES.

2. EMPLOY KEY ACCOUNT MANAGERS TO OPEN COMMUNICATION CHANNELS WITH THE NEW DECISION MAKERS.

3. EMBRACE eDETAILING TO SUPPLEMENT TRADITIONAL PHYSICIAN DETAILING EFFORTS.

4. BENCHMARK COST PER REP AND PER DETAIL TO BALANCE RESOURCES AND CONTROL COSTS.

5. COMPENSATE COMPETITIVELY TO MOTIVATE AND RETAIN SKILLED REPS AND MANAGERS.
KEY METRICS

CHAPTER 1: MAXIMIZING CUSTOMER CONTACT WITH PHYSICIAN ACCESS STRATEGIES

KEY RECOMMENDATIONS

• Adjust visits to combat challenges arising from restricted rep access, including fallout from the Sunshine Act.
• Coordinate with hospital stakeholders, including medical directors and executives, nurses and supply reps.
• Recognize the pros and cons of online tools, which make meetings possible but are not as effective as office visits.

CHAPTER DATA

56 charts detailing target contact methods, sales rep time and investment allocation and effectiveness of eDetailing. Throughout this chapter, data are broken down by sales force type — primary care, specialty, and hospital — and by company size (Top 10, Top 25, Top 50, and outside Top 50) and geography (US and EU).

Balancing traditional and digital tools to reach targets

• Communication methods reps use to contact targets
• Percentage of details done via Internet or mobile technology
• Number of monthly details done via Internet or mobile technology
• Annual investments in eDetailing
• Percentage of eDetailing investment, by eDetailing type
• Effectiveness ratings of eDetailing, by type
• Prescriber levels targeted with eDetailing
• Budgets of dedicated virtual sales rep teams
• Investment per virtual rep on dedicated teams
KEY RECOMMENDATIONS

- Adjust spending per rep and per detail to balance resources.
- Align compensation for new and average- and high-performing reps.
- Create compensation packages that are easy for reps to understand.
- Balance total sales budget allocations across critical categories, including technology, travel and promotions.

CHAPTER DATA

74 charts detailing sales force operation benchmarks, including cost per rep and cost per detail. Throughout this chapter, data are broken down by sales force type — primary care, specialty, and hospital — and by company size (Top 10, Top 25, Top 50, and outside Top 50) and geography (US and EU).

Costs per rep and per detail benchmarks

- Total investment in sales force operations
- Cost per rep
- Cost per detail with and without samples
- Percentage of sales budget allocated to specific items

Training cost benchmarks

- Costs of training new sales reps
- Costs of ongoing training for sales reps
- Training hours for new and experienced reps by methodology (in-field, online or classroom)

Compensation levels (by percentage and in actual dollars) for reps, regional managers and district managers by experience and success levels:

- Newly hired reps
- Average-performing reps
- High-performing reps
KEY METRICS

CHAPTER 3: STAFFING EFFICIENT FIELD FORCES
IN TODAY’S SALES ENVIRONMENT

KEY RECOMMENDATIONS

• Hire reps who can work independently and manage their territory as a business.
• Train reps to understand deeper product details and facilitate better communication with doctors.
• Avoid mirroring to develop better relationships with physicians and medical staff.
• Create institutional or key account teams to handle large account decision-makers.
• Manage rep-DM ratio to improve training and increase DM field involvement.

CHAPTER DATA

28 charts detailing sales staffing benchmarks. Throughout this chapter, data are broken down by sales force type — primary care, specialty, and hospital — and by company size (Top 10, Top 25, Top 50, and outside Top 50) and geography (US and EU).

• Number of field reps in the sales force
• Actual and ideal numbers of:
  • Reps managed per district manager
  • District managers per regional manager
• Rep mirroring: average number of different reps calling on targets by type
• Number of products that reps sell
KEY RECOMMENDATIONS

• Facilitate customer-centric strategies with increased communication, key account management and target profile creation.

• Encourage reps to target best-fit physicians with the most relevant information using segmentation.

• Use key account managers (KAMs) to create multiple points of contact between pharma companies and institutions.

• Hire and cultivate KAMs with a deep understanding of the market, patients and competitors.

CHAPTER DATA

Nine (9) charts detailing customer-centric strategies. Throughout this chapter, data are broken down by geography (US and EU).

• Percentage of companies with a customer-centric strategy in place

• Investments made to move toward a customer-centric approach

• Tools used as a part of customer-centric sales approaches

• Information shaping sales teams’ customer-centric approach

• Ways in which targets’ profiles change the materials that go into the field
IMPLEMENT CUSTOMER-CENTRIC PRACTICES THROUGH
TEAM FOCUS AND TRAINING

Maintaining long-lasting physician relationships is key to successful
customer-centric practices. The commercial team must build an
ongoing rapport with physicians. These relationships enable reps
to differentiate their product from competitors. Reps also gain the
needed access to begin these product conversations. While it may
fall to sales reps to initiate these relationships, many pharmaceutical
and device companies have created relationship management
teams.

KAMs and other specialized customer-facing groups are crucial
players in pharma-physician relationships. These groups actively
work with high-decile prescribers and large practices and
institutions to better understand customer needs. These groups
facilitate specific pharma-physician interactions. For example, they
can provide these key accounts with tailored solutions or work with
institutions to improve product-specific supply chains. Ultimately,
working with these major accounts in a more individualized manner
allows the commercial group to sustain growth and profitability.

To work in this new customer-centric environment, successful
sales representatives adopt new ways of considering and
communicating with physicians. Sales reps’ training should
work to craft this customer-oriented mindset. However, sales
representatives will need a working knowledge of their supported
product. This understanding should encompass how the therapy
improves patient outcomes, as well as any value-adding resources
the product targets. Sales reps should also expand their skills
beyond product knowledge and sales strategy. Their skills should
also include major account management skills, such as aligning
corporate needs with company offerings.

"AT THE END OF THE DAY, IT’S ALL ABOUT THE PATIENT.
THE PHYSICIANS UNDERSTAND THAT AND THEY RELATE
BETTER TO THAT — AND YOU CAN CALL THAT YOUR CUS-
TOMER-CENTRIC APPROACH AT THE LEVEL IT WORKS WITH
PHYSICIANS."

- REGIONAL MANAGER, COMPANY D
Among surveyed US companies implementing customer-centric approaches, all have made multiple investments in this strategy.

- All companies surveyed report investing in new internal technology and sales force training or coaching.
- Another 83% each report new external technology — such as web-based physician portals — and outside research.
- Two-thirds of companies surveyed have invested in consultants when moving toward a customer-centric commercial model.

US-based customer-centric teams leverage a number of tools to facilitate rep-physician interactions. Two-thirds of surveyed companies each report using increased customer communication, key account management and target customer profile creation to implement customer-centric strategies. Half of companies surveyed each report implementing add-on services for patients and for physicians. One-third of companies surveyed each report leveraging the following tools:

- Detailed CRM systems
- Regionalization
- Personalized interaction based on customer profiles
- Relationship management training for reps and account managers
- Customer satisfaction measurements
STUDY METHODOLOGY

Analysts developed the information upon which this study is based through both primary and secondary sources. Cutting Edge Information’s process for collecting and analyzing information encompasses two distinct tools: quantitative surveys and qualitative interviews. Both tools are necessary for understanding not only the hard metrics included in this study, but also the reasoning behind the metrics.

For this report, Cutting Edge Information collected and analyzed quantitative and qualitative data from more than 50 pharmaceutical, biotechnology, and medical device companies, as well as sales force management experts from multiple geographies. Study participants included directors and heads of sales management groups at top biopharmaceutical companies. The study team also interviewed and collected data from directors and vice presidents of sales, commercial teams, sales force effectiveness, multichannel marketing, market access and account management.

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