



Planning for the Future

HOW IN-DEPTH ANALYSIS IDENTIFIED THE BEST FIVE-YEAR RETURN ON INVESTMENT

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In recent years, sales and marketing executives in the pharmaceutical industry have been paying particular attention to the so-called arms race — measuring the relative impact a sales force actually has on the prescription sales of marketed products and conjecturing about the possible effect of sales force downsizings, shifts, or reconfigurations. Clearly larger sales forces no longer guarantee higher sales or profitability. Nor is there a universal formula that dictates success.

SEEKING ANSWERS TO THREE KEY QUESTIONS

When a large international pharmaceutical company learned that the launch of a key anticipated product was going to be delayed and that forecast expectations for the existing portfolio of marketed products had been ratcheted down, it came to IMS to help answer three key questions:

- What is the optimal sales force size that will maximize the profits of the current portfolio without jeopardizing the launch of future products?

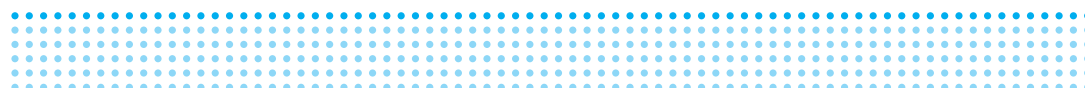
- Based on the current field force structure, what is the optimal plan of action?
- What are the optimal detail frequencies for each product in the portfolio?

DRAWING A PICTURE OF THE FUTURE

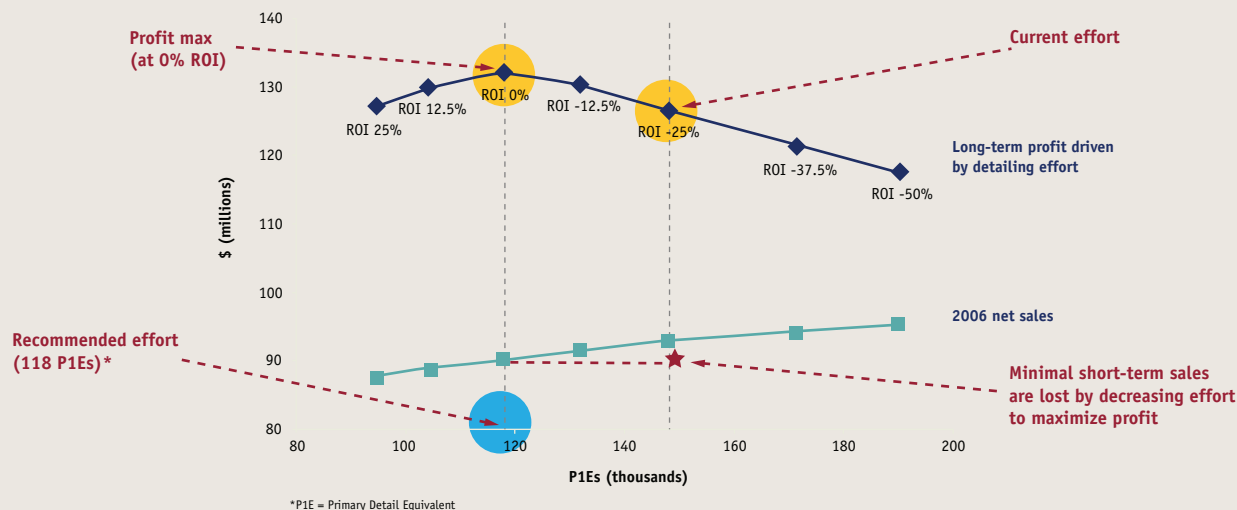
Following a project kick-off meeting, IMS set to work compiling the information that would help shed light on the critical issues. IMS's own physician prescription data — Xponent® — was, of course, key to calculating a full profit equation. So was the client's long-term product forecasts and cost structure data (e.g., costs associated with each representative, detail samples).

IMS consultants subsequently began building a series of historical promotional response curves. Un-aggregated physician data were segmented into clusters to reflect promotional sensitivity, market volume, market share, and other factors. Sales reporting conventions such as carryover and position effectiveness were additionally factored in.

With the promotional response models completed, IMS turned its attention to optimization modeling and scenario



LONG-TERM SALES CONTRIBUTION TO PROFIT AND SHORT-TERM SALES VS P1ES



SALES AND CONTRIBUTION CURVES DEVELOPED ACROSS MULTIPLE YEARS ENABLED OPTIMIZATION. CONTRIBUTION CURVES ALLOWED CONSULTANTS TO IDENTIFY THE OPTIMAL LEVEL OF EFFORT IN EACH YEAR; INCREMENTAL CONTRIBUTION ANALYSIS ENABLED DECISIONS BASED ON CONSISTENT PRODUCT TRADE-OFFS.

assessments. The goal? To calculate the potential return on investment for close to one hundred different sales force structure scenarios. What would happen to the bottom line, for example, if the client opted to eliminate one of its sales forces? What would happen if certain products were called on exclusively by specialty teams, or if GP teams and specialty teams combined forces on key brands? What would happen if sales representatives were directed to call not on the highest-writing doctors for a single product, but on two middle-tier doctors on behalf of two products?

Over the course of the engagement, careful consideration was given to the complex matter of product overlap throughout the process to ensure that real-world variables were reflected in the models. Qualitative matters were considered as well to determine, among other things, the extent to which the proposed scenarios might disrupt current sales, the respective difficulty of implementation, and the potential impact on share of voice.

Ultimately IMS recommended that this over-resourced client downsize its sales force in such a way that would ensure a long-term profitability position while not adversely affecting short-term sales. This was the scenario that represented the best return on investment in the field force over the coming five years.

EARNING SALES FORCE BUY-IN

In important ways, the optimization modeling and scenario assessments created during this sales force optimization engagement illuminated several potential futures for the client and enabled the executive team to develop a plan that would help shape the sales force over the next several years.

But more was achieved as well through the project, for when the executive decisions were announced regarding the future of the client's sales force, the well-defined and supported plan was readily accepted by those who would be affected most: the sales force. ●

ENHANCING SALES FORCE EFFECTIVENESS

To approach this client's issue, IMS consultants applied proprietary methodologies inherent in IMS Precision Sales Force™, which optimizes every aspect of sales force strategy, planning and implementation.



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