



Building blocks

At a time when both the Government and the NHS are calling for value for money, how can pharma introduce and promote innovation and value propositions? Tony Swift discusses ways and means of promoting eye-catching solutions through the key account approach.

In my two previous articles, *Making it happen* and *It's all in the execution*, I discussed the transition to Key Account Management (KAM) structures that many pharmaceutical companies are currently addressing. They focused on the difficulties of execution and considered various related issues such as:

- The move towards decentralisation
- The role of leadership
- The importance of support from the people in power
- The need to change the culture, beliefs and behaviours of individuals within the business
- The requirement for supporting the new strategy with a process including short-term objectives, incentives and controls that drives the whole execution initiative.

My final article on this topic covers the issue of building innovation and value propositions into a company.

This topic is, of course, fundamental to any pharmaceutical company. For example, the rationale for many pharma companies is to build a drug portfolio that differentiates itself from the competition – either through a cost advantage or by improving patient outcomes. This article concentrates on building innovation and value propositions into the KAM process and is based on the premise that to justify moving to Key Account Management, account managers have to be armed with value propositions that are attractive to the customer.

KAM and Jobs

Over Christmas I was lucky enough to receive the recent biography of the late Steve Jobs, the former CEO of Apple. It was a fascinating read and highlighted the pros and cons of working for the guy mainly responsible for building one of the most successful companies in the world. The key message that came out of the book for me was the

total focus Jobs had on delivering the very best products for the company's customers. Apple was able to do this repeatedly with products we are all familiar with, such as the iPhone, iPad and iPod. Jobs also managed to achieve success in the world of animated cinema through his company Pixar, which produced films such as *Toy Story*, *A Bug's Life* and *Finding Nemo*, before being sold to Disney. Disney bought Pixar primarily because, for the first time in its existence, a company was out performing it in its core area of animated film production.

So why was Jobs continually able to innovate more successfully than his competitors and what lessons can pharma learn from his approach when moving towards a KAM structure? I will address this later, but would note that Jobs' success had little, if anything, to do with market research and asking the customer what they needed – as Jobs stated, customers don't know what they want until we've shown them.

The demand from pharma

It is clear that pharma's primary customer, the NHS, is now a series of complex and multi-layered accounts with an increasing number of stakeholders and influencers. Prescribers, payers, patients and policy makers are looking increasingly for pharma companies to offer true value added solutions rather than just products. Key Account Management represents a real opportunity for pharma to develop an effective value proposition and nurture closer and more effective relationships with key customers.

I attended a conference recently and a member of the audience asked a leading member of the NHS how pharmaceutical companies could more actively engage with the health service. The response was: "Don't just bring pills and gadgets in the future, bring us value added solutions that drive the QIPP agenda with a documented and robust cost/benefit analysis."

This is an increasingly typical

response. Sir Ian Carruthers, Head of the Government Innovation Review Team for the NHS, stated: “The pharma industry needs to think more in terms of working in partnership with the NHS rather than just sending in the sales force...the NHS needs your disruptive contribution to help reform, but too few companies are coming forward.”

The Government and NHS leaders are crying out for more innovative input, although potential trust problems between the NHS and pharma can impede the implementation of some value added solutions. In any event, there is no doubt that demand for more input from pharma is growing and, given the Government and NHS agenda, it appears this can only continue.

Can pharma deliver?

Our experience at Apodi shows that companies currently differ significantly in their ability to deliver innovation and value added solutions through their Key Account Managers. However, a number of companies are extremely well set up to drive this agenda with specific divisions established to identify new ways of working in partnership with the NHS. Some have managed to integrate the operations of these ‘centres of excellence’ with other parts of the company – particularly brand management, sales and KAM management, and marketing. In other words, innovation and execution are inextricably linked.

Other companies are not so well positioned or structured to deliver such value added solutions. In this situation, the validity of establishing a KAM structure needs to be addressed. I was recently party to a discussion between a senior executive of a pharma company and a service supplier that went along the following lines:

Service supplier: “Do your KAMs have real value propositions/solutions to take to the customer?”

Senior executive: “No.”

Service supplier: “Why not?”

Senior executive: “There is no real process to identify propositions and any that are identified are blocked because of budgetary constraints, restructuring issues and so on.”

Service supplier: “So why invest in KAMs?”

Senior Executive: (Silence).

Success ultimately depends on the KAM delivering real value to the customer. If that is not possible,

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companies need to critically analyse whether they should invest in Key Account Management rather than, or as well as, a ‘share of voice’ solution.

An innovative culture

For those companies still at the starting blocks in terms of building and delivering innovative value added solutions to its customer(s), the key question is what steps are needed to drive these processes into the company?

a) Establish a ‘Centre of Excellence’

Firstly, it is clear that it takes investment to truly understand customer issues and develop a deep knowledge of the marketplace to identify how experiences and value can be improved. Such insight is a powerful foundation for strategic, product and service innovations that create value for all parties.

In the early stages, we believe a company needs to establish a function to identify value added solutions. This should be centrally driven and staffed full time by people with the appropriate skills. Whatever these centres of value added excellence are called, their role is to generate propositions that can be shared with other parts of the company to assess whether the propositions should become part of the ‘tool kit’ of Key Account Managers.

b) Develop links with other parts of the organisation

As mentioned earlier, it is critical to link innovation and execution. This may be best done by the company encouraging – even demanding – that the Centre of Excellence coordinates its activities with other parts of the organisation, particularly those involved in executing

the value added solutions.

How well a company coordinates these activities and actually makes things happen depends on a number of factors. For example, we have seen companies identifying value added solutions and introduce them to the Key Account Management structure, but then nothing happens. In this situation, the company needs to implement a rigorous process of establishing short-term objectives, incentives and controls to ensure that behaviours change.

c) Focus

Steve Jobs stated that his real passion was to build a company where people were motivated to make great products and that everything else was secondary. The focus he was able to engender in his company was extraordinary. Leaders need to assess whether they are instilling a culture that supports innovation and building value added solutions for their customers.

The impact of value

With the NHS now being a complex, multi-layered organisation with an increasing number of stakeholders and influencers, most value added solutions will differ depending on the company’s particular circumstances, product portfolios, services and so on. They will, however, be focused in one or more of the following areas:

a) Prescribers: solutions may address best patient outcomes, other clinical benefits and cost effectiveness of treatment

b) Policy makers: solutions may address care pathways, disease management targets and integrated care clinics

Quick Read

- Key Account Managers need to be armed with value proposition if they are to be attractive to customers
- KAM offers a real opportunity for pharma to develop value propositions and, in turn, relationships with key customers – the NHS and Government has both called for value-added solutions recently
- Certain pharma companies are at the forefront when promoting value with specific divisions identifying new joint working opportunities.
- Pharma companies that are starting building innovation and value solutions are advised to create a ‘centre of excellence’ to generate new propositions, develop strong internal links and to maintain a focus on the desired outcomes
- Value propositions should be focused on prescribers, policy makers, patients and payers if they are to be successful.

c) Patients: solutions may address adherence, access, provision of information, support groups and integrated care clinics

d) Payers: solutions that address funding issues, monitoring usage issues, etc.

Back to Steve Jobs

Ultimately, Apple was so successful in building the most innovative products in its industry because the company, through Steve Jobs, ensured that innovation and value added solutions became part of the DNA of the company.

If a company is establishing a Key Account Management structure, we at Apodi believe that pharma companies need to follow these same principles. After all, what is more important when establishing a KAM structure than making sure account managers are in a position to deliver real value to their customers?

Tony Swift is the Managing Director of Apodi. He may be reached on tony.swift@apodi.co.uk.