The evolution of pharmaceutical sales: new models for a changing environment
It is now generally accepted that the sales force arms race has come to an end and that the pharmaceutical sales model needs to change. Yet, understanding how it should change in the future, knowing how to facilitate that change, and determining the impact of that process on the organisation still eludes most companies. Many have taken the approach of simply cutting back resources and re-labeling some representative roles as ‘account managers’, only making the most superficial of adjustments to their operating models. More far-reaching solutions are needed.

Complexity arises from the fact that there is no single ‘new model’ solution; the right sales model has to be selected to fit each organisation’s situation.

Pharmaceutical companies usually face at least one, if not more, of three common issues that trigger an urgent need for a sales model restructure. Some find themselves in the difficult situation of suffering from all three simultaneously:

1. Country environments that are undergoing radical changes in the economic mindset, funding pressures and regulatory complexities of healthcare, as currently seen in most European countries. In these markets, sales force effectiveness of traditional representative-oriented selling is rapidly diminishing, and characterised by a breakdown in the relationship between share of voice and sales results.

2. A fundamental shift in portfolio structure. Because of changes in the types of products emerging from R&D pipelines, many companies are operating in new market segments involving therapeutic environments that are quite unlike those previously experienced and where the stakeholders are very different. For instance, some are moving from predominantly selling in primary care to entering specialist markets as they launch new products in areas such as oncology. Others are for the first time entering the primary care sector, having previously gained strong experience in selling in the hospital and specialist markets. These companies face the complex task of building and supporting new franchises in multiple therapy areas whilst also managing their existing product portfolios.

3. A requirement to significantly alter the company’s cost base to maintain profitability. Typically, leading products may have gone off-patent, sales force productivity could be declining, or there may be poor R&D productivity. As a result, many companies can no longer afford to keep adding sales reps, and because their cost base is unsustainable, they must cut back across the board. There are probably only a few pharma companies among the top ten that do not currently suffer from this problem.
Defining new sales models

There are four forces that define the sales model, two of which are internal and two external. Internally, the model is determined by the company’s product portfolio value proposition and organisational structure. Externally, it is directed by the context of the broader healthcare environment and by the needs of the company’s customers and stakeholders in the widest sense (Figure 1).

New market influencers are determining the choice of sales model with the emergence of additional gatekeepers to market access, whether they be government, healthcare payers, channel entities or key opinion leaders. Mastering the complexity of the changing stakeholder landscape requires innovative models to drive product approval and acceptance, not just adoption.

Over the last two decades, the traditional sales model has developed on the premise that companies with newly priced and approved potential blockbusters can simply power them to peak sales by maintaining a heavy share of voice and detailing force. Now, the challenge for companies launching a new product is far more complex, not just in terms of gaining uptake by prescribers, but by the protracted intricacies of launch and market access. The gap between introducing a new product and obtaining uptake from a broad prescriber base is much longer, slower and more difficult than ever before: it is a slow burn process that requires a new operating model with new tactics. A winning share of voice is no longer sufficient.

Firstly, more time and qualifications are needed to gain European, national and local regulatory approvals. Then, acceptance must be garnered from a whole range of additional stakeholders, such as pharmacoeconomics and HTA bodies, regional gatekeepers, and local care networks. Engaging with these stakeholders demands different skills. New competences and capabilities need to be nurtured, while job roles, teams and organisational structures need to be realigned to maintain competitive advantage and deal with new mechanisms for limiting market access. For instance, the industry must adapt to the 2007 reforms in Germany, which have promoted integrated healthcare contracts and direct price negotiation with the sick funds, bringing the prospect of greater use of risk-sharing agreements ever closer. This means that internally, alongside the traditional representative sales model, companies need to manage new teams involved in account-based selling, healthcare management, health economics and the growing use of budget impact assessment. At a regional and global level, they must also deal with the varying pace of change in different markets (see Figure 2), according to the stage of development.

Re-orienting the sales model

Implementing ‘coalface’ solutions at the local sales team level requires close collaboration with the company, right across its line of command. As well as regional interaction, the ability to interlock with the company’s local affiliate organisation is important. A framework is necessary to help companies think about preparing and re-orientating their sales models. A high-level, three-step process based on the following phases offers the most complete, effective and risk-managed approach:

1. Reviewing internal capabilities and external environment

Figure 1: The four defining elements of the sales model.

Figure 2: Environmental challenges.
2. Optimisation of sales models and operations
3. Transitioning and implementation of changes.

Diagnostic review

In rethinking a company’s sales model, it is essential to understand the requirements of all the stakeholders involved with that organisation, by reviewing the comparative effectiveness of potential levers that are being used to influence those individuals and bodies.

The diagnostic stage assesses the key sales model drivers of today and those expected in future. As importantly, the pace and direction of change in the local operating environment should be mapped, allowing identification of critical signposts and ‘check points’ for operating model changes to be aligned with landscape change. Close consultation with company management and its sales teams yields insight into the company’s immediate cause for concern and its operating strategy, which can be matched against a stakeholder analysis and therapy/market forecasts.

At the same time, a detailed assessment should be made of the major elements of change, current sales strategy and the existing sales and marketing structures. This not only enables analysis of the current predicament but also provides the starting point for a three- to five-year vision of the relevant sales force operating landscape. An important benefit of this diagnostic review is to achieve early buy-in to the change process itself from key internal stakeholders. This allows for continuity, speed in decision-making and efficient implementation as the new sales model is designed and rolled-out through the organisation.

The diagnosis is based on a combination of top-down, qualitative workshops where the pros and cons of various sales models are assessed, combined with a bottom-up, quantitative analysis which provides the hard evidence required. Information sources at anonymised individual customer level are currently available in key European markets to allow for true evidenced-based analyses as inputs into the process.

Optimising the sales model

When defining the criteria required for an optimal sales model and identifying alternative designs, a supportive SWOT analysis will help to establish the rationale and evidence for the right criteria for potential sales model assessment (see Figure 3). With those, the ‘best fit’ sales model can be identified and evaluated from a range of options directly driven by the internal and external situational requirements. Each pharma company in each country is likely to require its own customised operating model which would include: strategy, organisation & governance, processes, capabilities and systems, all of which will depend heavily on the current/future portfolio, the competitive landscape, the regulatory environment, the amount of movement in the customer base and the level of acceptable change that can be absorbed. Once a selection is made, a gap analysis can be undertaken by evaluating current sales and marketing capabilities against best practice. Thorough knowledge and experience are essential throughout to ensure a true assessment of the situation.

Transitioning and implementation

Next, the sales model transition can be planned and a roadmap developed that
aligns the organisation to the proposed changes. This involves setting timelines and milestones, as well as defining resource requirements, business roles and responsibilities, and also setting into motion an operational excellence plan that minimises potential risks.

Because of the broader consequences that will accompany changes in the sales model, the entire business must be aligned and change managed correctly for the model to operate effectively. It is therefore essential that the plan involves the company’s management structure and organisational design as well as its sales strategy. It must also provide for the right capabilities in terms of skills and competences and alignment with roles that have been identified. Finally, it must supply the processes and systems needed for successful introduction. The change process typically benefits from a formal roadmap to chart implementation towards the future sales model and includes timeline management of roll-out programmes (see Figure 4). Underpinning this approach should be a systematic benchmarking of competencies and processes against best practice to highlight areas for improvement, allowing benchmarking and the development of new competency models and sales force skills.

Implementation is the crucial step when redesigning sales models and it is frequently a reason why companies seek help. There are a range of tools available to ensure that the new sales model is successful, including: organisational restructuring, simulation-based training, communications planning, sales force compensation schemes, implementation and performance management tools, social networking and sponsorship. For companies wishing to remain best-in-class and stay ahead of the competition, it is essential to conduct an on-going review process, whereby the organisation benchmarks its progress against the plan and its competitors, and monitors the impact of the new sales model on its performance. This process can be facilitated by means of journey progress reports and refreshed scorecards against key performance indicators.

Case study examples
The approach to choosing the right sales model for an individual company can be scaled up or down, used for whole regions, in multiple or individual markets, for single products, groups of products or across entire portfolios. One IMS engagement involved a narrow-model focus project in multiple markets for a top ten pharma company. Faced with the challenging new environment, a different set of more sophisticated stakeholders, the patent expiry of leading products, and the need to manage new launches in more specialized areas, the company urgently wanted to change to an account management sales model for secondary care markets.

Firstly, the pace, direction and key drivers of change in the top five countries where the company was operating were identified and thoroughly analysed. This included an assessment of the healthcare structures, regulations and standards, decision-making processes and competition. This was followed by an in-depth internal review of the company, which pinpointed its operating strengths and weaknesses and highlighted the areas where account management could be adopted.

Next, an evaluation of the way different stakeholder roles were changing across each therapy class was conducted, revealing where the company could achieve ‘quick wins’.

Figure 5: Example of sales model score card.

<table>
<thead>
<tr>
<th>Theme</th>
<th>Criteria</th>
<th>Option 1A</th>
<th>Option 1B</th>
<th>Option 1C</th>
<th>Option 1D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve productivity</td>
<td>Criteria I</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Regional focus</td>
<td>Criteria I</td>
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<td></td>
<td></td>
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<tr>
<td>Flexibility across product lifecycles</td>
<td>Criteria I</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Simplicity, clarity, national strategic alignment</td>
<td>Criteria I</td>
<td></td>
<td></td>
<td></td>
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Figure 6: Example of gains from changing the sales model.
As a result of the work, one of the four markets achieved an 83% gain in value sales and 59% growth in units in the first five months after the new sales model was implemented. Success in the first four markets has led to the project being rolled-out to another 10 markets.

More importantly, the future environment through 2010 was defined and the trajectory of the pace of change plotted. This allowed early identification of warning indicators which would require a response from the company.

A further IMS client engagement — again with a top ten pharma — involved working across the company’s whole portfolio of general medicine and specialist care products in a single country. This covered both the primary and secondary care sectors where the whole environment was experiencing rapid change. The company’s current sales model was traditional and not equipped for the future, requiring the development of new skills, as revealed by the SWOT analysis (see Figure 3).

With the SWOT analysis in place, a scorecard was then developed that rated a range of sales models options against key criteria (see Figure 5) and facilitated the ultimate choice of sales model.

These tools, combined with IMS’ knowledge of best practice, enabled the company to achieve the optimum reduction in sales force size and structure and increase market adoption. Particularly crucial for the organisation was building the capability to show clear clinical benefits from its products, based on health economics and outcomes research (HEOR) data to support acceptance and recommendations by the key decision-makers.

A third case study, focused on change implementation, involved a top European company that leads the market in a specialist category of products. This company urgently needed to re-educate its sales teams so they could deal with switching customers from a mature, market-leading product to a new product in countries where the key decision-makers were changing. This involved working closely with the client’s local management and sales teams in four local affiliates using four different languages. In-depth interviews were conducted and reps accompanied on sales visits, before introducing a programme of classroom teaching and coaching for all individual sales team members. As a result of the work, one of the four markets achieved an 83% gain in value sales and 59% growth in units in the first five months after the new sales model was implemented (see Figure 6). Success in the first four markets has led to the project being rolled-out to another 10 markets.

**Improved value proposition**

By taking this three-step approach, companies can obtain a ‘right fit’ sales operating model and organisational structure that matches their particular circumstances at a given time and is proofed against future risk over a three- to five-year period. Furthermore, it is an ‘end-to-end’ approach that involves full commitment from the very beginning, unraveling a company’s problems, setting a plan for reorganising the sales process and enabling change whilst monitoring the impact.

Undergoing the process of diagnosis and constructing a roadmap for implementation ensures that companies build selling muscle in the right areas to equip them to compete in future. At the same time, providing grass-roots help with implementation is fundamental. This approach goes further than merely satisfying stakeholders: it provides an improved value proposition to a broad range of stakeholders, including shareholders and employees as well as customers and market influencers.

Now, at last, the industry is beginning to take more decisive action to address the changing healthcare landscape. This requires innovative commercial operating models to drive approval, acceptance and adoption. Rather than a threat, the new environment should be seen as a significant opportunity for pharmaceutical companies to recreate value for customers and, through closer interaction, influence the outcome of change.

**Reference:** Source for all figures: IMS Management Consulting

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**About the Authors**

Anthony Morton-Small is a principal, sales and account management, at IMS Health, with a focus on designing, managing and implementing sales force effectiveness solutions. Formerly with GlaxoSmithKline, Anthony has over 10 years of pharmaceutical industry experience addressing issues in sales force effectiveness, marketing effectiveness, franchise management and portfolio optimisation. He has particular therapeutic expertise in CNS, respiratory, anti-virals/HIV, diabetes and smoking cessation, from brand launch to product maturity and patent expiry.

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The operating environment for the German pharmaceutical industry is changing dramatically through accelerating integration of stakeholders and growing economic pressures. As a result, pharmaceutical companies are facing increasing commercial risk due to more volatile demand and being dependent on new, fewer and more powerful customers. They must innovate their business model to meet those challenges.

An industry in turmoil
For the German pharmaceutical industry, 2007 was a year of upheaval. The implementation of the GKV-WSG (Sick Fund Competition Act: legislation to strengthen competition in the statutory health insurance) in particular triggered and accelerated mechanisms which will transform the pharmaceutical landscape. There are three underlying forces which are driving change in the German market: horizontal integration, vertical integration and the rise of an economic mindset (Figure 1).

Horizontal integration drives the like-with-like consolidation of healthcare stakeholders, which has already started to re-shape the German market place. Physicians, for example, are forming networks (such as the Kinzigtal doctors’ network) or are joining forces to set up medical care centres (which may also co-operate with hospitals — see below); as the private hospital sector continues to expand, we are witnessing the rise of private hospital chains, as operators try to exploit economies of scale while at the same time creating centres of excellence. With restrictions on multiple ownership being relaxed, pharmacy chains are likely to become a common sight in German high streets in the near future. Sick fund mergers can also be expected in response to changes in the funding model by the national health fund, which will unleash market forces in the hitherto protected German statutory health insurance sector. The result is a new customer landscape where demand, and therefore negotiation power, is concentrated in fewer entities.

Vertical integration combines different players along the healthcare value chain and results in new types of stakeholders. Managed care models integrate payers and care providers and strongly align their traditionally independent agendas and interests. This scenario has also been provided for within the legal framework underpinning medical care centres. For example, it is
The rise of an economic mindset manifests itself in the way key stakeholders are starting to make decisions on therapy options. Health economic assessments, such as those undertaken by the Institute for Health Care Quality and Economic Efficiency (IQWiG), are growing in importance. The recent reforms in Germany have strengthened the role of IQWiG in evaluating new drugs and technologies; from 2008, cost-benefit assessments are included in the remit of IQWiG, which means Germany now joins a growing number of countries where pharmaceutical products are measured against a set of economic criteria. In this new world, where the focus is shifting towards cost-effectiveness — and ultimately risk-sharing — the development of compelling value propositions will become an important safeguard for the industry.

Pharmaceutical companies must innovate their business model in response to those dramatic changes in the German operating environment. Faced with fewer, more powerful and more institutionalised customers and channels, an account-based commercialisation approach will play a key role going forward. Further, as the interests of care providers and payers become increasingly aligned, new, holistic marketing and sales strategies will be required to address the needs of these emerging customers.

**Commercialisation models**

IMS Health has developed a framework to support pharmaceutical companies in making strategic choices between different commercialisation models. This framework also reflects the future dynamic of the operating environment (Figure 2).

The key defining dimensions in this framework are the value proposition of the individual products and the complexity of the relevant healthcare stakeholder environment.

The value proposition includes a product’s intrinsic qualities, such as therapeutic benefit, its patent status, and any value-added services provided. The strength of a value proposition is also highly dependent on a company’s ability to demonstrate value to relevant stakeholders. The complexity of the relevant healthcare stakeholder environment depends on the number of stakeholders a pharmaceutical company has to deal with in the sales process and how they interact and influence the decision-making process.

Our framework defines three commercialisation models: payer contracting, with sick funds as the key decision makers in a tender-driven market;
**physician-centric**, where traditional stakeholders are the relevant decision makers; and **account-based**, with institutional care providers as key customers, where decision-making involves complex networks of multiple stakeholders.

**Trends and implications through 2010**

Over the next few years, we expect the relative importance of these three commercialisation models to change, as indicated by the arrows in Figure 2. There are a number of key harbingers that drive this assumption:

- Tender contracts with sick funds are expanding beyond generics to also include mature, patent-protected brands.
- Already in the US we have seen an example of the contracting model extending its reach and relevance across the entire pharmaceutical market.
- Vertically integrated care models create new institutional customers with reach into the traditional territory of physician-centric primary care. The public tender initiated by the ADK Baden-Württemberg for primary care provision, by-passing the professional association of physicians, is a case in point.
- At the same time, horizontal integration leads to account-like customer and channel structures.
- Pharmaceutical companies are increasingly taking control of their supply chain, for example through exclusive wholesaler contracts or direct-to-pharmacy distribution, by-passing wholesalers altogether.

**A call to action**

In answering the call to re-think their business model (Figure 3), companies will need to look at ways of managing significantly higher levels of commercial risk and volatility, making critical choices for their commercialisation model, developing and communicating compelling value propositions, and establishing flexible cost and capital structures. Critical elements to consider at this point will be the current and future portfolio as well as the capabilities required for the various functions in the new business model — such as sales and marketing — and how these skills can be acquired and developed.

**The time is now**

Establishing a viable business model for the future means making strategic choices — now (see Figure 4). Companies that rise to the challenge will focus on addressing three key issues and their associated questions:

1. **Re-defining the commercialisation model:**
   - Which model works best for my company / portfolio?
   - What capabilities do I need in order to manage the new stakeholders and decision points effectively?
   - What is the role of the sales force and marketing function in the world of account-based selling and contracting?
   - How do I make sure the model is flexible and can adapt to further changes in the operating environment?

2. **Developing and communicating compelling value propositions:**
   - What capabilities do I need to put in place to demonstrate superior value of my products?
   - What evidence in terms of outcomes and economic data is required to support my value propositions?
   - How can I leverage value-added services to differentiate my value proposition?

3. **Creating flexible cost and capital structures:**
   - What levers should I pull to make my cost structure more flexible?
   - What is the optimal ownership structure for my assets and processes (for example, what opportunities exist for outsourcing)?

Once the strategic choices have been made, the transition to a new business model must be managed very carefully to avoid a loss of focus.
on the day-to-day operations. In our experience, establishing a cross-functional project team can be helpful, allowing as it does for the input of different perspectives when preparing for and facilitating key decisions. Leveraging pilot projects and drawing on insight and experience from other industries are also useful tools.

**Implications for marketing and sales**

Each of the three different commercialisation models has its own set of key success factors, capability requirements and implications for the role of the sales and marketing functions.

1. **Payer contracting.** Correct scoping of contracts is a key success factor for this commercialisation model. Pharmaceutical companies need to carefully consider which products and services to include in a contract, especially when negotiating directly with individual sick funds on contracts that are not based on public tenders.

   The choice of sick fund is also critical, as these can differ considerably in terms of access they provide to the market and the purchasing power they wield (cf. Beck et al. [2007]).

   Successful companies will distinguish themselves through creative deal structuring; they will understand the broader needs of the relevant sick fund and use terms and conditions in a smart way to create compelling win-win propositions with benefits for both parties involved.

   Once contracts have been put in place, effective compliance monitoring is important to ensure agreed terms are being implemented. This is particularly relevant for more complex deals.

   Finally, as companies often compete for contracts on the basis of price, the ability of an organisation to absorb margin pressure is also a key success factor. Here, successful companies will derive an edge from their commercial productivity leadership position, which allows them to operate profitably in a much tighter environment.

   Distinct capabilities are required to put these key success factors in place. Establishing a dedicated senior negotiation team, comprising members of the affiliate management team or other senior leadership roles, is a good approach. Subject matter experts are also needed to support the decision and negotiation process with quantitative models that allow scenario-based analyses.

   As payer contracting is still a relatively new commercialisation approach for the German pharmaceutical industry, companies should reach out to traditionally tender-based industry sectors in search for key talent.

   With contracts being the key market access vehicle in this commercialisation model, the sales organisation plays primarily a supporting role. The sales team will focus on new channels and secondary decision points, depending on the emerging decision processes. In the generics segment, we expect a shift in focus towards pharmacies, with the pharmacist becoming an important, secondary decision point once a contract with a sick fund has been agreed. Sick funds are likely to allow limited choice within a treatment category, so even when a contract is in place, managing the point of dispensing is key. Companies with previous experience and a strong position in the pharmacy market (such as an attractive OTC portfolio) will have an advantage here.

   The other secondary decision point which still needs to be managed is the physician, again because of the choice sick funds are likely to offer. The extent of activity dedicated to physicians will also depend on the level of value-added service agreed in the contract with the sick fund.

   In the world of payer contracting, the most important role for the marketing function is supporting the senior negotiation team with compelling value propositions which must be tailored to the needs of the sick funds. In addition, marketing will also provide messages for secondary stakeholders (pharmacists and physicians). The messages must focus on the needs of those target stakeholders; for example, in the case of pharmacists they need to include a strong consumer angle.

2. **Physician-centric model.** Companies that succeed in the physician-centric commercialisation model will rely on superior customer segmentation and tailor both promotional activities and messages accordingly. At the heart of this we will find unique customer insight which allows granular segmentation of physicians on the basis of value, potential, attitude, behaviour and quality of the relationship. The successful company will use these insights as a foundation for a best-in-
class sales process which targets micro-segments with the highest precision using tailored messages of high quality and deep content.

Recent proprietary research by IMS Health suggests a strong correlation between the complexity of a given therapy area and the quality and depth of content physicians expect in their communications with sales representatives.

Successful companies will distinguish themselves through their unique ability to develop highly targeted and differentiated messages. At the extreme end of the spectrum this means dealing with ‘segments of one’, which require their own specific content and engagement strategy. These companies will also overcome functional silos between sales and marketing to enable much closer collaboration; insight gathered by the field force will be fed back to marketing to refine even further specific engagement strategies for individual customer segments. Closed-loop marketing can further enhance this approach.

By and large, the role of the sales representative remains unchanged compared to the traditional sales model. They will continue to focus on physicians as the principal decision-makers for prescriptions and provide relevant information which in turn influences their prescribing behaviour. However, as outlined above, the physician-centric model of the future requires a highly differentiated approach and much deeper content knowledge than in the past. Therefore, the quality of the sales force needs to be enhanced considerably through training and skill-building activities or, as a last resort, by hiring new talent.

Marketing needs to build the foundation for the sophisticated approach to the customer in the physician-centric model of the future. The starting point is granular customer segmentation, followed by developing relevant, highly targeted and tailored messages for each segment. Finally, each segment will require its distinct marketing and engagement strategy.

3. Account-based model. The account-based model is a response to the emergence of complex stakeholder networks and decision-making processes, as can be found in institutional customers such as hospitals or managed care organisations. Unlike the one-to-one sales process in the physician-centric commercialisation model, the successful company in the world of account-based selling penetrates the different layers within a stakeholder network and uses a holistic approach to influence complex decision-making processes.

Orchestrating the various activities and touch points with a stakeholder network demands a sophisticated planning process. Traditionally, professional service firms and companies selling capital goods with long sales cycles have been operating best-in-class account management processes. The ability to map the decision-making and influence networks is a critical success factor here. Again, this is only possible if the different touch points with an account are coordinated and the different pieces of information, gathered through interactions with individual stakeholders, are put together to yield the full picture of how the stakeholder network operates.

The account manager plays a pivotal role in making this happen, not only developing an integrated picture of the account, but also ensuring that the specific needs at the different touch points are addressed appropriately. For this purpose, the formation of dedicated account teams ensures alignment around one account, including a common understanding of priorities, while allowing for specialisation when servicing the specific needs of individual stakeholders within an account. Furthermore, the account teams must be empowered and have the right skills to negotiate contracts with their institutional customers.

Faced with fewer, more powerful and more institutionalised customers and channels, an account-based commercialisation approach will play a key role going forward.

In the world of the account-based model, the sales function has a supporting role and will continue to cover their traditional target audience — prescribers. For example, in the case of a medical care centre with a central authority that sets treatment guidelines, the sales force ensures that front-line physicians implement...
those guidelines and translate them into clinical practice. The account manager focuses on non-traditional stakeholders with budget responsibility or with influence on treatment decisions.

The marketing function develops specific messages for all relevant stakeholders within an account. These messages must be tailored to the needs of the different stakeholder groups, including both traditional and new stakeholders. Marketing also contributes significantly to account planning, for example by developing a value-added service offering, providing funding arguments to handle budget holders or shaping specific stakeholder engagement initiatives.

The account-based commercialisation model presents a particular challenge for the traditional sales function as it implies a mindset shift from ‘selling-to-one’ to ‘selling-to-a-network’, which typically is addressed through a comprehensive development programme. IMS Health has developed a conceptual framework for this: the House of Account Management (Figure 5).

Successful key account management rests on four capability pillars — strategic planning, tactical planning, selling skills and coaching — which are supported by a foundation of aligned incentives and an effective performance management system. Figure 5 also provides examples of capability-building activities that have been successfully applied to enable the transition of traditional sales functions to an account-based model.

**The way forward**
All pharmaceutical companies should be looking to establish a specific action plan for developing their business in the short and medium-term. In our experience, focusing on the following four elements is critical: portfolio & franchise strategy; commercialisation model; capabilities, organisation & infrastructure; and cost & capital structure.

While many questions are relevant for the pharmaceutical industry in Germany as a whole, specific action plans need to reflect the unique situation each company is facing.

Focusing on the portfolio in the context of the sales and marketing model provides a good starting point for this exercise.

**Conclusion**
The dramatic changes in the German healthcare environment leave pharmaceutical companies at a crossroads, facing the need to re-think their commercialisation model to reflect both the emergence of new stakeholders and the rise of an economic mindset amongst decision-makers. Those who choose to act now will position themselves for greater success as the transformation of the operating environment unfolds.

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