

Managed Markets:

A Look at Developing Talent in the Next Chapter for Pharmaceuticals and Health Care

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By Michelle Bush, Ph.D. and Beth Doladee, MA, The Vaya Group, 2011

No matter where you go these days, the reforms and changes occurring across the spectrum of healthcare in the United States is a key source of conversation and deliberation. Rumbblings can be heard on all sides of this battle as doctors, patients, and institutions strive to make ends meet in both good and difficult economic times, yet have quality care and products available to all.

The role that pharmaceutical sales companies and their employees play in impacting healthcare cost and drug availability can not easily be overlooked. The first image that likely stands out to a person thinking about a pharmaceutical sales representative is typically one of a person walking into our physician's office or hospital to drop off branded trinkets and samples of products while going through their pitch to persuade the doctors to prescribe their product ahead of all others. For new products, this message coupled with an educational aspect can certainly benefit a healthcare institution; however, given many products are well known in the market and both physicians and hospitals are bombarded with several sales people from each company in a given week, the ability for these first-line sales representatives to keep up this pace and be effective may decline in the coming years.

This appears to be the transition point of the marketplace to go from a traditional sales force to one that works at the higher levels within accounts to help educate on more of a financial scope of product use if given preferred formulary, or prescribing, status for their product portfolios. From the perspective of the pharmaceutical sector, the position best charged with working to ensure the best outcomes behind the scenes with healthcare providers are the Account Managers in the Managed Markets divisions. While the role has been in existence since the 1980's, it appears as though it is now starting to find its stride and niche within the market. Although they do not necessarily provide a detailed product "pitch", they are knowledgeable on their disease states and can offer deeper insights into how effective use of the product can lead to longer-term financial gains and healthcare benefits for patients who continue to use the drug as prescribed to treat their symptoms which may or may not be chronic in nature.

Considering our healthcare expenses have been estimated to have increased since 1990 from \$40.3 billion annually to upwards of \$214

billion in 2006 (Kaiser Foundation, 2008), it is no wonder that insurance coverage and affordable healthcare have become critical talking points of our society. Without significant changes, the number is expected to rise to an estimated \$4.1 trillion by 2016, putting an increased burden on the already-taxed healthcare and insurance system that has private insurance supplementing 44% of our healthcare dollars, an increase of 18% over that same 16 year timeframe. Given this situation, the effective hiring, training, and retaining of skilled Account Managers becomes vital for the continuation of the pharmaceutical companies in the United States.

With these challenges, it would be preferable to many healthcare providers and organizations to have a single point of contact for a pharmaceutical company. This is where the Account Manager can play a vital role in working with the higher levels of the organization to negotiate price points for drugs and pull in additional company-specific educational resources as needed to address the entire organization at one time. In addition, they also provide an understanding of the economic dynamics that affect everyone including the patient, insurance provider, physicians their staff, and the healthcare institution overseeing the care.

Not All Account Managers are Created Equal

In talking to a number of leaders of pharmaceutical managed markets organizations, they have noted that a reduction in head count and the directional changes in the market are quickly accelerating the importance of this role as up to 80% of the business runs through the Managed Markets division. As one senior individual within a large pharmaceutical company noted in an interview, working in a cash-based business is an idea of the past, healthcare institutions are consolidating rapidly, and account managers need to forge more of a financial partnership with these organizations to help shape their decisions in how they administer treatment.

However, the strategic development of individuals into these critical roles has not kept pace. In a recent survey of top pharmaceutical managed markets divisions, it was found that when hiring, they often look first to District Sales Managers who have demonstrated consistent success in their roles and have tenure with the company. This is an attractive option as these individuals have in-depth knowledge regarding the products and disease states they represent, and may even have established relationships with key thought leaders who will be important resources in leading pull-through efforts with formulary 'win' in the marketplace.

However, subject matter expert interviews and external study of sales and managed markets personnel suggest that beyond traditional sales behaviors of being strong in influencing, qualifying, analytical capability, possess effective teamwork and listening skills, technical expertise, and organization skills, highly successful Account Managers must be able to

drive accountability through others without direct authority, be comfortable engaging executive-level decision makers, and have a broad perspective of both the customer's business and the industry trends and issues that affect all involved. (Heikkinen, Sawyer, 2009). Yet, few District Sales Managers have had the opportunity to develop or practices these critical strategic competencies.

To reinforce this point, numerous stakeholder interviews with District Sales Managers have suggested that they spend 60-80% of their time coaching sales representative on conducting office calls, with another 20-40% engaging in administrative activities. In contrast, in a time coded study of 20 Account Managers from a typical pharmaceutical sales organization, it was found that over 1/3 of their time is typically spent managing account activities and engaging directly with customers. Conversely, only 10% of these Account Managers time is focused on enabling the success of others.

All in all, it is no surprise that when studying the factors that differentiate "top" versus "other" Account Managers, it tends to be many competencies associated with managing activities within an account that pose the largest gaps. Specifically, in analyzing behavioral competency data for 3 top pharmaceutical sales organizations, Vaya Group has consistently found that "top" Account Managers are more effective at qualifying the needs of customers and understanding their broader business goals and strategies than "other" performers. Particularly in working with complex accounts and organizations, this can be a significant challenge for many new Account Managers who have only ever had to uncover specific information or sample needs of a small office. However, without this in-depth knowledge of their customer base, Account Managers will likely find it quite challenging to show the alignment between the pharmaceutical organization and customer interests in a compelling manner.

Another key differentiator of highly effective Account Managers and "others" tends to be comfort with and processes for Driving Accountability with others without having the inherent "permission" that typically accompanies a direct line of authority. Less impactful Account Managers struggle to set clear expectations for pull-through efforts in the sales organization where as the "top" leaders not only provide this clarity, but also are courageous in addressing their colleagues when outcomes are not forthcoming. To excel at leading without authority, these Account Managers seem to balance a collaborative style with "tough love" when needed.

Finally, the best of the best Account Managers recognize the need to change, adapt and adjust their approach to meet the emerging needs of the marketplace. They continually update their domain expertise by learning about the managed care environment and adjust their plans and priorities as needed to best meet the company, customer and market direction.

Before an organization can capitalize on an in-depth understanding of the competencies “critical to success” in an Account Management role, it must first create a realistic assessment of how incumbent team members are performing versus those factors. It is not enough to look at outcomes individuals are achieving; rather, it is essential that the organization demonstrates a clear understanding of “how” individuals are operating to accomplish those objectives. Without this information, it is impossible to know how much more they could be delivering.

The Model

As we sought to build a model that would incorporate all of these critical-to-success behaviors, the complexity that was uncovered ultimately led us to think of the role as a series of behavioral balances that an effective Account Manager should possess or be able to be trained upon. In thinking about the role, three large themes emerged in which we could categorize the behaviors research surfaced, which were Leading Without Authority, Creating Alignment, and Technical Knowledge or Skills. Within each of these broader categories, a unique balance is suggested between sub-categories for each that further illustrate the balance between interpersonal skills, doing what is best for both the customers and the organization, and the basic versus more advanced job knowledge required.

For an Account Manager, it is imperative that they be able to successfully be a leader among peers and colleagues, even without a direct management title afforded to them. As the drivers of initiatives and pull-through strategies for the pharmaceutical company and the customer, they need to effectively build cohesive teams, offer compelling and influential messages, and provide education for those needing it. At the same time, Account Managers should be driven to excel with a strong ethic and ability to work collaboratively or independently to achieve goals, tenaciously overcome obstacles, speak in a candid and forthright manner, and be able to establish and re-establish crisp goals, timelines, and accountabilities for the teams they work with.

Creating Alignment is also a critical part of the role as Account Managers need to be able to balance a customer-centric style with one that is focused on driving success for the company, especially since the needs and wants of the two entities are often at odds with each other. On one hand, Account Manager need to be professional, responsive, possess a strong network of outside contacts, and be very attuned to the needs and business strategies of the customer organization at all levels. On the other side of the coin, an understanding of internal resource availability or needs, ability to effectively manage the matrix and build a strong company-wide network, possessing an inventive flair around solutions inside and out, and an understanding of their own organization’s long-term goals and strategies is needed. Great success

is then derived from these behaviors all working together to develop compromises that add value to all across the board.

Lastly, Account Managers should demonstrate technical skills and knowledge within their role. Personally, these folks should possess strong analytical abilities to aid in problem solving and negotiations, effectively create stepwise business plans for their accounts, and maintain focus on the most urgent priorities before them as it can be easy to take a very reactive and haphazard approach to the role. Expertise that will further lend to success within this role is a strong understanding of the nuances of managed care and how it affects the customers locally and nationally, the ability to negotiate and develop contracts as applicable to their position, and be able to understand economic studies to interpret and share information with others, including how these financial factors play into the decision making process on all sides.

Application

By assessing each individual's approach, the organization can be prepared to truly understand and address the strengths and opportunity areas of team members at three levels: the individual, team and organization.

The Individual Level

Behavioral profiling of Account Manager competencies at the individual level can build significant self-awareness in these leaders regarding the key strengths they can leverage to build success, as well as potential blind spots and gaps in their approach. At Vaya, we offer personalized skill assessment that includes informative reports highlighting these factors, in addition to one-on-one discussions with our behavioral analysts to help account managers understand how their skills are "lived out" in their role and specific action steps that can be taken to enhance their approach and build on their success. Knowing not just "what" to work on, but also "how" to effectively make behavioral change makes this process unique and value-added compared with more traditional assessment methodologies.

The Team Level

The benefits to engaging Account Management teams in comprehensive Account Management skill assessment are numerous. To begin, it provides the leader of the team with critical information that can help him/her tailor a coaching approach with each person on the team. Beyond that, by gaining a better understanding of common strengths and development opportunities of the group overall, the manager can be better prepared to a) identify new hires with diverse skills sets when compared to the current team, b) work on common opportunity areas with the group in team sessions, and c) identify team members with complimentary skill sets who can engage in peer coaching to enhance one another's performance.

The Organizational Level

Once all Account Managers organization-wide have participated in a targeted Account Management behavioral profile, the company will be better prepared to offer interventions that can build a competitive advantage and are certain to have an impact on success. As an example, consider an organization in which Account Managers seem to have difficulty building followership among the broader sales team with whom they partner to leverage their wins in the marketplace. An aggregate look of the Account Management population might reveal that this challenge is due to the fact they are imbalanced in their approach to Leading Without Authority. Specifically, the organization may find that the team excels at Driving Pull-through, yet struggles to Build Engagement as they lead others internally. In this hypothetical scenario, it would be damaging to pressure Account Managers to become tougher in setting expectations and driving accountability toward actions. Instead, they would have much greater benefit in engaging in training that aimed at helping them share information, partner with others, and communicate in an influential/energizing manner. Creating a culture in the team that values building trust and buy-in would be a much better answer for this group.

Conclusion/Summary

Having partnered with the top pharmaceutical sales organizations in understanding Account Management “critical to success” competencies and studying the key differentiators between the “best of the best” and “others” in the role, Vaya Group can provide a unique and well-researched perspective on the capabilities that will allow individuals, teams and organizations a competitive advantage in the marketplace. Whether incorporating a targeted model and assessment tool to determine hiring needs, establish training priorities and/or support the focused development planning of the individual, we can create a behavioral profile that is sure to increase the return associated with training and development initiatives with this increasingly important and valuable resource. With more and more emphasis being placed on managed markets as the lever for strategic success, it is time for forward-looking organizations to provide greater attention to and investment in these leaders in order to create a clear competitive advantage.

About the Vaya Group

The Vaya Group is a Talent Management consultancy that applies science and precision to the art of talent assessment and development. Driven by their passion for helping leaders and organizations improve behaviors, capabilities and business performance, Dr. Paul Eccher and Dave Ross founded the consultancy—originally called Corporate Insights, Inc.—in 1997. With its talented team of consultants, The Vaya Group is able to provide quality service and sage advice to its clientele. In August 2011, The Vaya Group was nominated to *Inc.* magazine’s annual list of the 500 | 5000 fastest growing private companies in America. For more information, visit www.vayapath.com.

About the Authors

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