

The Life Sciences Industry: Sales Trends and Strategic Initiatives



Executive Summary

Life Sciences has been, and continues to be, a dynamic industry marked by both increasing incremental change and periodic attempts at radical transformation. In all developed countries, medical progress has caused Life Sciences spending to outpace economic growth, especially in the US, yet the Life Sciences industry intimately affects both the length and quality of every person's life. Life Sciences Organizations and Providers that can balance this tremendous responsibility while leveraging certain industry trends detailed in this report will be well positioned to reap significant rewards over the next decade.

Organizations that sell to or within the Life Sciences industry can take strides toward being proactive vs. reactive in their relationships with prospects and clients through a series of strategic adjustments to business processes and practices. Add to that effort investment in key areas of skill development to solidify a consultative sales culture and equip Salespeople to increase the quality of each sales call.

Sales Trends in Life Sciences

- ▶▶ **Aging .** There is a significant aging population in the developed world. Scientists, Gerontologists, Medical Professionals, and Policy Makers are exploring important approaches to ensuring that we age “successfully” in order to maintain mental and physical health for as long as possible. These approaches include: altering lifestyle choices, ongoing health assessments, changing attitudes toward aging, quality living options, and opportunities for remaining active.
- ▶▶ **Quality vs. Quantity .** Currently, both private and public health funding schemes reward Healthcare Providers based on the quantity of care that they provide, not necessarily the quality of care. Incentives are skewed to increase the number of services utilized rather than the outcome of care provided. However, there is significant discussion, both in the Life Sciences industry as well as at the national policy-making level, around changing the medical compensation structure toward a quality of outcomes model.
- ▶▶ **Universal Healthcare .** Providing access to healthcare has been one of the most prominent issues at the national level since the 2008 Presidential election. The shift in focus toward identifying a means of providing coverage for the uninsured US population – estimated at 47 million – has resulted in debates ranging from how to pay for universal healthcare to establishing a system that does not permit

Overview

From its position as a global sales training and consulting firm, Richardson has partnered with some of the world's leading Life Sciences Organizations to provide comprehensive total solutions for their Salespeople to improve performance and reach revenue goals.

As part of its detailed customization process, Richardson interviews several top stakeholders within its Client Organization to understand needs, challenges, and areas for development. Richardson's proprietary methodology for acquiring and analyzing this information leads to valuable insight and trends from within the Life Sciences industry as a whole and, as a result, Richardson is able to provide this value-added information to its Client Partners.

bureaucracy to interfere with healthcare decisions between patients and their doctors. The Life Sciences industry is bracing for a radical change, as Healthcare Providers will likely earn less money per patient while seeing a sharp increase in demand for their services due to the dramatically increasing volume of newly insured patients.

- ▶▶ **Cost Containment .** The US Healthcare System continues to hold the distinction of being the most expensive in the world. Comparative analysis shows that it consistently underperforms relative to other countries on most dimensions of health service performance. This has prompted ongoing, if unsteady, movement toward cost containment. As healthcare reform continues to be at the forefront, seeking new efficiencies and cost containment measures has become increasingly important to Healthcare Providers, Administrators, and Funders. One way that hospitals, in particular, are finding new efficiencies is through the outsourcing of certain departments, such as the emergency room and radiology, since many hospitals have found that it is more efficient and cost-effective to hire outside companies to run these operations.

- ▶▶ **Disease Management .** It is widely recognized that approximately 20% of an insured population consumes 80% of healthcare costs due to the chronic diseases of that 20%. The Healthcare System is set up to support Physicians' efforts in treating acute diseases; it is not configured to enable Physicians to prevent chronic diseases and manage the associated costs of these chronic conditions. In fact, recent research suggests that only 50% of patients with chronic diseases are managed adequately. Chronic diseases, which are particularly notorious for driving up costs, include: coronary heart disease, chronic obstructive pulmonary disease (COPD), kidney failure, hypertension, heart failure, obesity, diabetes mellitus, asthma, cancer, arthritis, clinical depression, sleep apnea, and osteoporosis. Disease management is the process of reducing healthcare costs and improving quality of life for patients through preventive care and/or minimizing the effects of a disease, typically a chronic condition, through integrative care. Given the ongoing expense of these diseases and the trend toward quality of care, disease management will continue to be a core focus for Healthcare Providers and Funders.

Strategic Initiatives for Adapting to Sales Trends

- ▶▶ Providers who identify and find creative ways to service the needs of older people to remain healthy and active longer will be well positioned to meet a whole new range of emerging consumer demands. Medical facilities, retirement communities, nutritional products, health assessments, occupational and therapeutic devices, and health education/advocacy services can capitalize on this trend in order to realize significant growth opportunities. Products and services that combine ease of use, economic affordability, and enhanced quality of life will lead the marketplace for successful aging.

- ▶▶ As the shift from quantity to quality of care continues to become a reality, organizations can position themselves for success by understanding how to have a dialogue with Physicians, Administrators, and Insurance Providers about the impact of their products and services upon healthcare outcomes.
- ▶▶ Similarly, dialogues around measureable cost containment will link a product or service to a compelling economic necessity. This may be a bit of a departure for some organizations that, in the past, may have hinged sales presentations on clinical data and performance. While that will continue to be important, ROI for cost containment reasons is critical. For example, an organization offering electronic medical record solutions can link its product to quality of care, as it may significantly reduce human error as well as contain cost, perhaps in the reduction of malpractice lawsuits or longer hospital stays.
 - Organizations offering products/services to prevent chronic diseases, as well as products/services for managing the symptoms and underlying causes of chronic diseases, will find key growth opportunities in this emerging environment, provided they are able to link their products/services to the cost savings trend.
- ▶▶ While the Universal Healthcare System is not yet a reality, it may very well be in the near future. Opening up a potential new customer base of close to 47 million people would be a transformative change for the industry. It is likely that these uninsured potentially will need more care than the typical patient. Those organizations whose products and services find innovative ways to include and service this sudden influx of new customers will help Healthcare Providers and Administrators take advantage of a radically changed economic environment.
- ▶▶ Several large organizations that call on the Life Sciences industry are taking the approach that the quality of their Salespeople's ability to engage in robust dialogues with Healthcare Professionals is especially critical in building and sustaining relationships that will create opportunities to align products/services with industry trends. Therefore, Leaders of these organizations are proactively increasing their investment in initiatives that develop and support the selling skills of their Salespeople amidst this challenging time, as they see this as an opportunity to gain a competitive advantage and differentiate themselves on service.



Specific initiatives include:

- **Strengthening** consultative selling processes and models that support industry shifts and the demand for a new, relationship-oriented approach to selling
- **Holding** Salespeople, Teams, and Managers accountable for results through coaching to change and maximizing resources to achieve revenue goals
- **Integrating** skill-building activities to develop customized value propositions with the breadth and depth of program-specific training that Salespeople need to succeed – know the product/service, how it aligns with industry trends and Healthcare Professionals’ needs, and know how to sell it
- **Focusing** marketing and promotional resources on a value-add message (instead of a product push or purely a clinical data message) in order to quickly drive Healthcare Professionals’ decisions
- **Transforming** training by leveraging the best technologies to blend work with learning and bring support tools directly into the Salesperson’s daily workflow - learning and working become two sides of the same “coin”

This **SHIFT** approach to skill development is being driven by Leadership’s adjustment to the external sales trends affecting the industry and requires best-practice “know how” in order to maximize the return on this investment.

2009 Best Practices for Skill Development

As a result of analyzing data from several organizations focused on selling to the Life Sciences industry, Richardson has been able to identify the following best practices, which represent the most pressing areas for skill development. The Life Sciences-focused Organizations that have invested in these areas of skill development to-date have reported that their Salespeople are better equipped to meet strategic objectives amidst the rapidly changing Life Sciences industry.

Transition to Relationship-focused Selling

As Life Sciences Organizations prepare to place an even greater emphasis on engaging with Healthcare Professionals and leveraging their knowledge of industry trends as part of the sales dialogue, the need to adapt sales processes and models to support that shift is critical.

To achieve success, Salespeople will need to learn how to live and breathe a relationship-focused selling culture, which is driven by efforts to understand Healthcare Professionals’ needs and position solutions directly to those needs. True relationship-focused selling involves becoming a trusted, healthcare advisor as an alternative to a product provider, whose value is limited to the features and benefits of a product or service. Becoming a true “partner” to the Healthcare

Professional involves a broad and deep understanding of a Physician's or Administrator's current situation – if it is a hospital, then it is about understanding its operations, vulnerabilities, consistent and evolving needs, as well as the time and effort to provide value-added advice on a continual basis. If it is a Physician, then the focus is on short-term and long-term practice objectives, evolving care-oriented needs, and opportunities to add value.



Leading a Need Dialogue

Delivering a fairly generic overview of a product's or service's benefits – often grounded in solid clinical data – has been the way that most Salespeople have approached selling to the Life Sciences industry.

However, recent industry trends have made decision making around products and services markedly more complex. Today's Physicians and Healthcare Administrators are not only asking the question of whether a product or service will perform in a clinical setting, but also if it addresses other concerns, such as cost containment and providing a high-quality standard of care. By building strong questioning skills and making it a standard sales practice to engage each Healthcare Professional in a Need Dialogue, the Salesperson will be able to generate more dialogue opportunities, during which he/she learns about a broad range of needs. This kind of dialogue creates relationship momentum and positions the Salesperson as a knowledgeable trusted advisor so that when opportunities arise, he/she is in a position to fully capitalize.

Gaining Decision-maker Commitment

When surveyed, Salespeople have a wide range of skills and comfort surrounding the process of gaining the Physician's or Healthcare Administrator's commitment to move forward with the proposed solution. However, within a dynamically changing environment, the need to refocus efforts and deploy a relationship-focused approach – setting a measureable closing objective and actively closing on all opportunities – will be paramount to reaching revenue goals.

Therefore, in consideration of the direct effect closing efforts have on revenue, several Sales Leaders in National Healthcare-focused Organizations are trending toward placing a renewed focus on sharpening the ability of their Salespeople to confidently obtain decision-maker commitment, follow up, and maintain momentum between interactions as a way to spot additional opportunities, work through obstacles, and strengthen the relationship overall.

Coaching to Change

As Healthcare-focused Organizations aim to re-engineer their approach and sales processes to effectively confront new challenges, equipping and motivating Salespeople will be a critical element of success.

Furthermore, Management will need to sharpen their sales coaching skills to ensure that behavior change is adopted to improve team and individual effectiveness. By doing so, Managers will be better able to improve performance and achieve revenue growth, strengthen relationships with their Salespeople, accelerate learning, and help Salespeople become responsible for their own development. A specific emphasis may also be placed on the varying elements surrounding in-the-action coaching to help shape behavior change “just-in-time.”

Richardson Total Solution for Organizations that Sell to the Life Sciences Industry

Richardson has worked with several leading Life Sciences-focused Organizations to provide a comprehensive, total sales training solution for Salespeople and Management to support these emerging trends and those strategic initiatives that will most effectively position them to reach their maximum success amidst a challenging and shifting Life Sciences environment. Some critical elements of an integrated training strategy include:

- ✓ Flexible, On-Demand eLearning Courses
- ✓ Benchmarking Diagnostic Tools
- ✓ Cost-effective Webinars
- ✓ Practical Performance Support Tools
- ✓ Convenient, Affordable Sales Resources
- ✓ Video-On-Demand Training (VoDs)
- ✓ Dynamic, Highly-Customized Classroom Training
- ✓ Coaching Practices to Effect Behavior and Culture Changes

Richardson’s Global Performance Solutions Team of highly skilled Relationship Managers, Senior Training Designers, and Senior Global Trainers can work with your organization to assess and evaluate your current and future needs and design a customized training strategy to suit your learning and development initiatives.

About Richardson

Richardson develops customized and comprehensive sales training and performance improvement solutions for sales, sales management, and customer service professionals, which integrate with an organization’s business strategy, sales challenges, and overall vision to improve sales skills, increase performance, and drive results. The company’s 30-year dedication to changing the behaviors of sales professionals and innovation has made Richardson one of the largest global sales training and performance improvement providers today. Clients around the world choose Richardson for their “go beyond” approach and broad platform of customizable sales training and technology solutions, which is why they deliver a comprehensive, end-to-end training platform that includes: online diagnostics, fully customized live and online training programs, continuous coaching processes, reinforcement tools and techniques, and performance support applications. Richardson continues to be on the front line of sales training innovation in the development of leading-edge solutions that help clients generate revenue faster and more cost-effective than ever before.

Visit Richardson’s website at www.richardson.com for more information on how Richardson can help your Sales Representatives reach their sales objectives.