Key Account Management Strategies for BIOTECH, MED DEVICE & PHARMA
INTRODUCTION

Changes in the healthcare landscape have led to changes in customers. In an environment where healthcare providers and healthcare organizations are transitioning to a value-based model focused on reducing costs and improving patient costs, Life Sciences suppliers are being challenged to change their approach to sales and marketing. Just as providers are emphasizing quality of care, so, too, must suppliers. This requires shifting from a transactional-based approach to a more strategic approach based on Key Account Management.

This must start with an understanding that who the customer is has changed. Independent medical practices and medical groups are merging with or being acquired by large health systems; more independent delivery networks are forming; and Physicians are leaving private practice to work for hospitals. Increasing membership in group purchasing organizations (GPO) and accountable care organizations (ACO) adds additional layers of complexity.

For suppliers to stay on top of these changes and make strategic business decisions, it is critical to have a 360-degree view of the landscape to understand where all the potential customers are, what affiliations exist, and who the decision-makers are. It is no longer sufficient to sell and market just to Physicians; suppliers must utilize a holistic approach that addresses multiple levels of decision-makers through multiple channels.
**Key Account Management**

Key Account Management offers a robust alternative to the traditional buyer-seller model, where the focus is on transactions. Unlike the transactional approach, which lies primarily with Sales and Marketing staff, Key Account Management is an organization-wide approach to building better business relationships with strategically important customers.

Various factors occurring at the healthcare provider and at the healthcare organization level are driving the need for Key Account Management in Life Sciences:

- **Mergers and acquisitions have increased 50 percent since 2010.** A recent analysis by Kaufman Hall revealed that hospitals and health systems are continuing to pursue arrangements as a way to position themselves for value-based payments and population health management.

- **The pressure to deliver greater value and better quality care has led to shifts in treatment decision-making.** Physicians are no longer the sole drivers of treatment decisions; decisions are increasingly being driven at the institutional level, where hospitals, integrated delivery networks and health benefit management companies are using various analytical tools and data to evaluate treatment costs (including medical devices and pharmaceuticals) against patient outcomes.

- **Healthcare providers and organizations have greater capabilities to improve their economic performance and manage patient outcomes through the adoption of healthcare IT and analytics.**

- **More healthcare organizations are hiring C-level staff with business experience.** Black Book Rankings projects that at least two-thirds of hospital CEOs hired in 2014 will have no healthcare experience, but will be experts in areas such as business development, financial management and technology.
5 Steps to Successful Key Account Management

Successful Key Account Management relies on company-wide involvement. At the core of Key Account Management is collaboration with customers towards common goals. Utilizing Key Account Management can lead to better cost benefits, customer loyalty, streamlined business processes and critical lessons that can be applied to other customer relationships.

This means developing a mutual understanding of each other’s needs and capabilities, and combining expertise from different departments of the company. Supply chain management offers a clear example of how Key Account Management can manifest, according to Harvard Business Review. If a key account is promised priority access to urgent products or services, Operations – not just Sales – will need to be trained to ensure that those promises are fulfilled in a timely and efficient manner.

Among Life Sciences companies, barriers to successful Key Account Management have emerged when short-term concerns trump long-term strategic considerations, when key accounts are tailored at an unsustainable degree, and when departmental redundancies erode to a degree that causes confusion or inefficiency.

The following provides a step-by-step guideline of best practices in Key Account Management to help Life Sciences suppliers overcome these barriers.
STEP 1. SELECT KEY ACCOUNTS

Because Key Account Management is designed to apply to a select number of customers, this is the first critical step. Here, the selection process should focus on strategically valuable, highly complex customers with the capability (and desire) to actively participate in the process. Hospitals, large medical groups and health systems will be attractive choices, but it is critical to have both bottom-up and top-down healthcare data to understand who are the key decision-makers and what are the affiliations of these institutions. Internally, buy-in from C-level staff is crucial; C-level sponsorship of and involvement with key accounts can strengthen relationships and support the coordinated, company-wide approach of Key Account Management.

STEP 2. REFINE THE CONTRACT BASICS

Use historical data, account spend and sales to analyze the potential of each key account in areas such as pricing, service gaps and growth opportunities. Key Account Managers should also consider conducting customer interviews for a qualitative perspective on these areas, as well as any recommendations that may not be captured by data.

STEP 3. IDENTIFY AND TRAIN

According to Harvard Business Review, one of the most common mistakes in Key Account Management is moving top sales people into Key Account Manager positions. Key Account Management requires a broad range of skills, including financial, consultative, planning, interpersonal and influencing skills, which are often found among project managers and not sales people. Even with these skills, all Key Account Managers should be properly trained.

STEP 4. ALIGN THE TEAM

Key Account Management provides a level of customized offerings that require multidisciplinary participation. Key Account Managers require enough freedom to manage their accounts as they would a business: they need to be able to draw support from and work with cross-functional teams in order to meet customer needs. Achieving this requires support at every level – from the C-suite to Sales and Marketing to Operations and Distribution.

STEP 5. MEASURE AND BUILD

Since Key Account Management focuses on building long-term relationships, measuring performance on traditional sales metrics will no longer work. Instead, performance should be based on the lifetime value of key accounts and the customer’s bottom line. Additionally, to be successful in the long run, Key Account programs should not remain static; customer relationships and their evolving needs should be continuously reviewed, and new accounts should be considered.
The Role of Sales and Marketing

Sales and Marketing play an integral role in driving growth with key accounts, whether the key account is a Physician, a medical practice, a medical group or a health system. Where sales is key to planning, targeting and closing key account deals, marketing can support key account initiatives through market insight, brand positioning, thought leadership and value proof.

For optimal Key Account Management, however, Sales and Marketing must transcend the traditional junior partnership dichotomy and form a strategic, collaborative partnership. By working together, Life Sciences Sales and Marketing can help Key Account Managers deliver a focused effort on strengthening relationships with key accounts.

As managers of “the message,” Marketing, in particular, has a special role in driving growth with key accounts. Now, more than ever, healthcare suppliers are highly subject to potentially damaging criticism. A patient's bad experience with a pharmaceutical drug or a medical device can be exposed on the Internet to an international audience in a matter of minutes. Instant access to case studies, research and lawsuit news can influence Physician and organizational buyer decisions and impact patient treatment adherence. And the Open Payments/Sunshine Act transparency laws put Physicians, drugmakers, medical device manufacturers and biotech companies at even more risk of public scrutiny.

To counteract the reputation damage that virtual reality can have on key accounts, Marketing must not ignore the online world. Instead, it must engage with it head on.
Humanizing Your Brand

Biotech, medical device and pharmaceutical companies should be taking cues from their key accounts. As healthcare providers and healthcare organizations build capabilities to improve patient outcomes, Life Sciences companies should also be reorienting their brands as supporters of public health. Doing so reflects a deep understanding of their customers’ needs, builds credibility, instills loyalty, and provides clear value to key accounts.

A recent report by Medical Marketing & Media revealed that Marketing Directors at healthcare supplier companies spend 75 percent of their budget on marketing to Physicians and other providers, with only 25 percent reserved for consumer marketing. However, strengthening relationships with patients can, in turn, strengthen relationships with key accounts. And in today’s digital society, no other channel offers a more far-reaching, real-time way to humanize your brand for multiple audiences than social media.

The case for humanizing healthcare brands through social media is supported by recent statistics. A 2011 Pew report found that 80 percent of all American Internet users look up information about a specific disease or treatment; 34 percent of Internet users read other people’s comments on medical issues; and 25 percent watch online health videos.

Life Sciences companies have an opportunity to leverage user-generated content to humanize their brands. By listening to user-generated content, companies can fine-tune their messaging and deliver content that informs, educates, and builds brand loyalty. By creating online communities through social media – Facebook, Twitter and YouTube especially – pharmaceutical, medical device and biotech companies can develop emotional connections with patients that can re-emerge in patient behavior, such as improved medication and treatment adherence. Furthermore, social media data can be used to extract real-time feedback.
This approach, like Key Account Management, is less focused on short-term transactions. It is a long-term strategy that utilizes patient-centric “influencer” tactics, which have a boomerang effect on key accounts. Like Key Account Management, branding through social media must have cross-disciplinary buy-in from Marketing, Sales, Research & Development, Legal and other stakeholders to be effective and remain in compliance with Federal regulations. Timing and integrating branding campaigns with sales and key account activities will produce optimal and measurable results.

**Email Marketing**

A Healthcare Data Solutions 2013 survey of over 1 million Physicians revealed that email marketing is a welcome and effective method of communication. In Key Account Management, email marketing provides a systematic and cost-effective method for keeping key account decision-makers informed of new products, case studies, research findings, consumer polls, webinars and news.

The key to email marketing, however, is up-to-date healthcare provider and healthcare organization data that not only provides correct email addresses but also identifies decision makers, linkages, ACO, IDN and GPO participation, and specialty information. Armed with comprehensive and accurate data, Life Sciences marketing professionals can make informed analyses and decisions that are more targeted and more relevant to key accounts.
CONCLUSION

Biotech, pharmaceutical and medical device manufacturers that are using a one-size-fits-all approach to customers are doomed to fail in today’s evolving healthcare landscape. A holistic approach that focuses on relationship building at multiple levels – from the Physician to the practice to the medical group to the health system – is necessary to survive and thrive. Armed with Key Account Management programs, “influencer” Marketing practices, and 360-degree provider and organization data, Life Sciences companies can win the fight against brand attrition and company extinction.

For a customized solution that provides complete healthcare provider and healthcare organization data, contact Healthcare Data Solutions at 1-877-472-9066 or visit www.HealthcareDataSolutions.com.