

PHARMA SELLING TRENDS 2015

Challenges • Opportunities • Best Practices



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Rep numbers are down, competition for access is up, and incremental gains can mean bank.

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Consolidation, generics, and expanding customer diversity are just a few of the market forces pressuring industry sales operations to broaden their spectrum of skills and practices. Companies on the leading edge have embraced advances in neuroscience that offer compelling new methods for influence and persuasion.

Executive Summary

In healthcare change has become a constant, and innovation extends beyond product R&D.

The pharma selling environment continues to undergo rapid change. New regulations, consolidation, restricted access to physicians, as well as the rise of generics and specialty markets have all changed the way pharmaceuticals are bought and sold.

Consultative selling models are an attempt to get closer to customers' needs and provide greater value. However, leading-edge companies in this fast-changing and hypercompetitive marketplace are doing more. Recent discoveries in neuroscience have spawned an array of new

insights and methodologies focused not on how reps sell, but on why customers buy. Pharma industry sales teams that have embraced new communication techniques built around these principles are seeing results – more sales, account growth, and expanding market share.

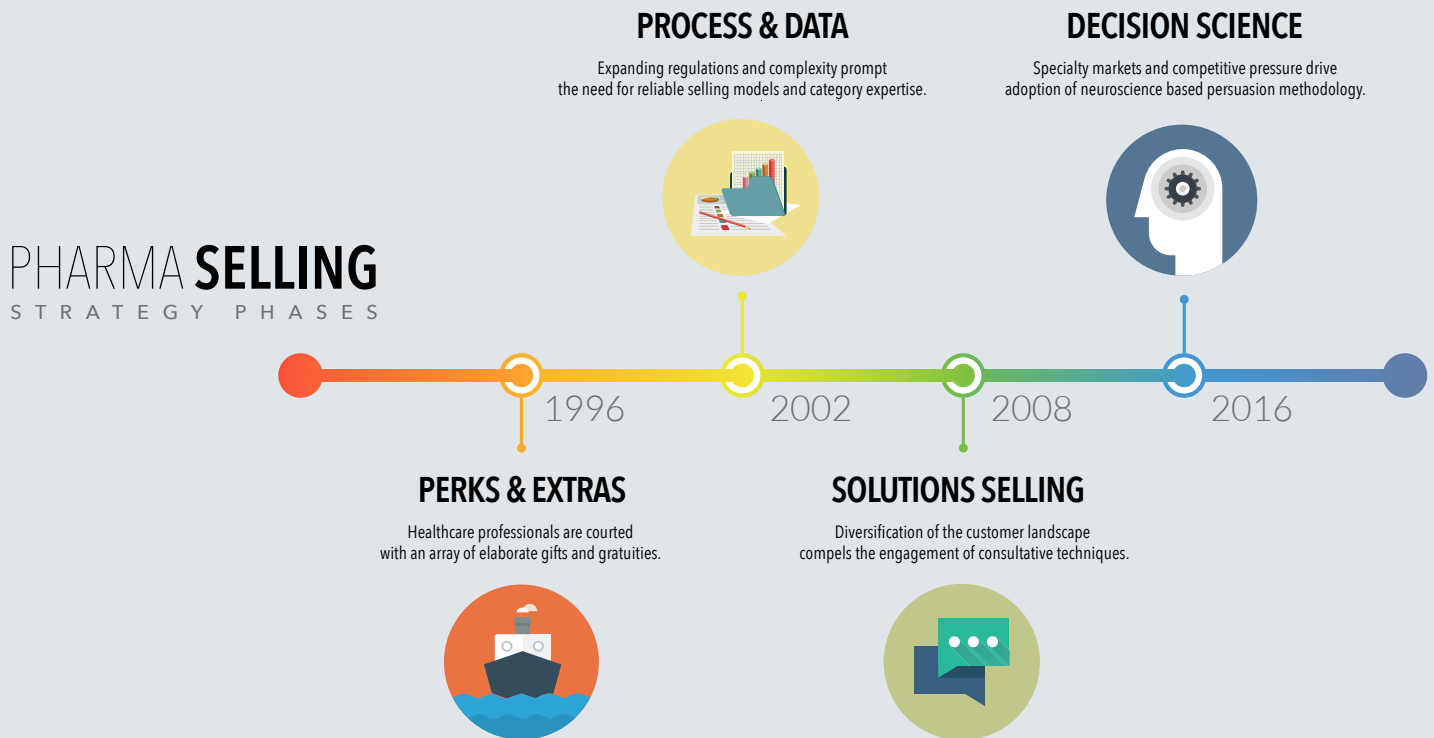
The Selling Environment

The seismic shifts in the pharmaceutical industry since the turn of the century are well known. Consolidation, fewer reps, the rise of generics, healthcare complexity, and increasingly specialized markets are just a few of the factors that have produced fundamental changes in the pharma selling environment.

Ten years ago a pharma sales organization might send five or six reps calling on the same physician with the same product, according to Mike MacLeod, a consultant, coach and sales trainer to the pharmaceutical industry for over 30 years. Expensive lunches, free tickets, and attractive reps were once accepted and effective selling strategies. “I liken this era to a selling arms race, with companies competing with each other to see who can offer more,” MacLeod said.

However, new industry regulations combined with physicians blocking access put an end to many of these practices. With growing rosters of patients, physicians simply didn’t have the time to see reps, and many physicians weren’t deriving value from the rep visits. In a recent survey by Publicis Touchpoint Solutions, entitled *What Physicians Want!*, more than 9 out of 10 physicians surveyed want representatives to make more use of clinical studies and evidence-based medicine in their conversations, and 77 percent want more “high-quality representatives.”

Healthcare consolidation and changing models of care delivery also have remarkably transformed the pharma selling environment. Hospitals have been acquiring primary and specialty physician practices, labs, imaging centers, and other healthcare entities to form Integrated Delivery Networks (IDNs). Accountable Care Organizations (ACOs) and Patient-Centered Medical Homes are providing care under shared risk



and reward models where providers are paid based on patient outcomes and the value and quality of care rather than on a fee-for-service model.

These evolving care networks and delivery systems have given rise to new buying patterns. Today's pharma salesperson must navigate a complex marketplace and master a set of skills that extend beyond consultative selling. They must work not only with individual physicians, but also with a host of organizational decision makers and gatekeepers. They must become experts not only on a given therapy and its benefits, but must fully understand the factors that drive patient outcomes, produce value, achieve care quality, and contribute to the cost of care. And, they must also understand and be able to navigate new definitions of access – not just access to doctors, but also product access relative to formulary coverage, which can vary enormously across regions and even within districts. Business today may be subject to

control by up to 12 or 15 healthcare plans, and reps need to know how to turn these challenges into selling strategies. They need to know how to diagnose the coverage, diagnose the doctor and her motivations, and administer a tailored formula for success.

Beyond Consultative

Historically, the response to these changes and challenges across pharma sales organizations varied from company to company. Some remained intransigent, maintaining the status quo until increased regulations or economic pressures on the bottom line forced their hand. Many did re-train their sales forces, trained them for the first time, or hired different reps. With pharmaceutical and biotech lagging somewhat behind other sectors for a period, the training itself was of the type that had already become standard in

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many other industries: a process-based model with a focus on the consultative sale. Reps were imbued with greater professionalism. They learned to profile the needs of healthcare professionals and patients, and to align those needs with the values and benefits of their products. They embraced the use of technology such as sales force automation and digital communications to aid in selling, and market segmentation became based on product access.

MacLeod said that with patents expiring and so many branded drugs being confronted with generics, sales forces for branded drugs have been challenged to demonstrate expertise, find new ways to position their products, and entice physicians with sometimes negligible differences between products. With most states now authorizing substitution without physician notification, it's gotten to the point where doctors have all but given up on the small molecule. However, biosimilars are different, and sales reps not only need to be well versed on what are those differences are but when they matter.

Beyond consolidation, generics, access, and staff attrition, the rise of specialty drugs such as biologics has demanded strategic realignment across large swaths of the industry. The economics of the specialty drugs market means that incremental gains—sometimes just

a few additional sales in a reporting period—can mean millions in additional revenue. But even expert reps, better trained in the consultative sale, are vying for fewer customers; sales organizations still need to find an edge that helps them increase access, engagement, and accounts. In competitive environments, sales teams need leverage that will tip buying decisions decidedly in their favor.

On top of all this, pharma organizations must sell smarter and deliver greater value with smaller sales teams. The number of pharma reps in the industry was down to 62,000 in 2014, a four percent decrease over the previous year, as reported by ZS Associates.

“Industry-wide we’re about half as many reps as the mid-2000s,” said MacLeod. “If you are still in the industry, then you better know how to bring value to that office and you’d better know how to build relationships.”

To gain that all-important critical edge, forward-thinking pharma companies are now doing more than consultative selling: They are turning to science. Science has changed what we know about decision-making, and those who want to influence and persuade are applying new insights and techniques.

“What physicians say they want and what actually makes them buy are two different things.” – Mike MacLeod



For a collection of resources on the neuroscience of influence and persuasion go to: RisingTidePartners.com/influence

A strong body of research tells us most people all the time and all people most of the time are in the non-thinking, emotionally-driven automatic mode. Yet, most sales models are geared to the heavy-thinking, analytical mode.

The amygdala are almond shaped structures deep within the most primal portion of the limbic brain.



Brain Science for Sales Teams

Recently, certain pharmaceutical companies have been quietly pursuing a category of scientific research that has nothing to do with treatment technology. Leviathans like Abbott Labs (now AbbVie), Amgen, and Merz, as well as smaller progressives like Horizon Pharma and Raptor Pharmaceuticals, have been mining the territory of human behavior uncovered by recent advances in live brain imaging: the neuroscience of decisions.

According to researchers such as the neuro-psychiatrist Dr. Richard Restak, author of the book on which the famous PBS series, *The Secret Life of the Brain*, is based, real-time brain imaging has enabled scientists to understand the chemical and biological basis for how people actually make decisions. The old belief, famously articulated by Aristotle and more or less accepted for millennia, was that we tend to make important decisions based primarily on logic and reason. Under the old paradigm, feelings simply got in the way of effective decision-making.

However, as explained in *The 7 Triggers to Yes*, one of the seminal volumes on how neuroscience can be used to improve business relationships, advanced imaging techniques have shown that the region of the brain involved with emotions and feelings, the amygdala, serves as a gatekeeper for the cerebral cortex, the thinking part of the brain. The amygdala is a limbic structure that actually commandeers other parts of the brain, including the rational centers.

Scientists have observed that decisions are triggered by the amygdala; they are immediate and emotion-based, and occur without data even being sent to the cerebral cortex for evaluation. In fact, the amygdala often bypasses the cerebral cortex altogether so that we react without having to put energy into rational thinking.

Dr. Dean Shibata, who has conducted brain imaging research at the University of Rochester School of Medicine, found that people use the emotional parts of their brain to make what are seemingly logical decisions. He wrote, “There is an increasingly accepted school of thought in neuropsychology that there is a significant emotional component to all personal decision making, and the brain scans in our study support that hypothesis.”

According to Dr. Joseph LeDoux, a neuroscientist at New York University, “The amygdala has greater influence on the cerebral cortex than the cortex has on the amygdala, allowing emotional arousal to dominate and control thinking.”

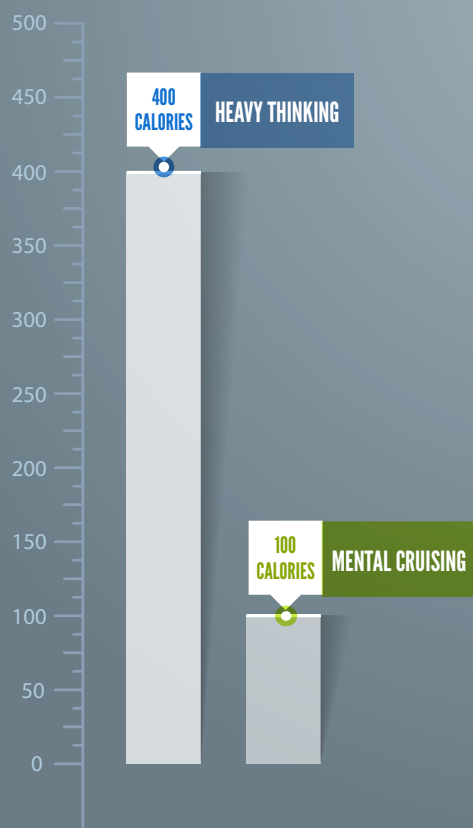
Dr. Restak neatly summarizes this insight into human nature: “We are not thinking machines. We are feeling machines that think.”

Other researchers have reinforced and applied these findings to business. In their book, *Primal Leadership*, Daniel Goleman, Richard Boyatzis and Annie McKee conclude, “Although our business culture places great value in an intellect devoid of emotion, our emotions are more powerful than our intellect.”

In fact, there’s been an explosion of interest in neuroscience’s discovery of the connections among emotional intelligence, persuasion, and decision-making. The interest is coming not just from science

circles, but from mainstream and business media as well. A sampling of recent headlines: “How Emotional Intelligence Can Boost Your Bottom Line” (Inc.); “When to Sell with Facts and Figures, and When to Appeal to Emotions” (Harvard Business Review); “Why Engagement Happens in Employees Hearts, Not Their Minds” (Fast Company).

As Goleman and his colleagues point out, the trigger point for action and decision-making is the amygdala, which must be activated in order for influence and persuasion to take place. Not only does the amygdala rule in the brain’s decision functions, trauma research has shown that a human being’s ability to make decisions is literally impossible without it. Damage to the prefrontal cortex, on the other hand, leaves decision-making largely intact. Emotions are the very centerpiece of human decision-making, yet most sales reps still focus on process, data, logic and reason.



THE ANALYTICAL BRAIN

Our brains *really* don’t like analytical thinking. We expend 300% more calories for heavy thinking than for “mental cruising” – and emit precisely the same brain waves as when we plunge our hand into a bucket of ice water.

“We are not thinking machines. We are feeling machines that think.”

Dr. Richard Restak

Influencing Decisions

A strong body of research tells us most people all the time and all people most of the time are in the non-thinking, emotionally-driven automatic mode. Yet, most sales models used in pharma are geared to the heavy-thinking, analytical mode.

Today’s leading-edge companies are leveraging advances in brain science that have shown how customers make decisions based more on emotion and feeling than they do on logic and reasoning. Emotion-based decision-making may at first seem counterintuitive for a buyer as highly educated and presumably data-driven as a physician. But as sales coach Mike MacLeod points out, “While there is no doubt that physicians are looking for—and expecting—more expertise from sales reps, what physicians say they want and what actually makes them buy are two different things.”

“It’s not enough for a salesperson to simply have the right information in terms of product knowledge, clinical research, or comparative studies,” said David Hoffeld, CEO of the Hoffeld Group and a passionate proponent of science-based selling. “Product knowledge and data alone are not persuasive enough to make the sale,” he says. “It’s showing the customer

how this information can make a meaningful and significant impact on what’s important to them—improving care, saving lives—that relates directly to the brain’s emotional centers.”

“It may sound obvious or simplistic to say that reps should be emphasizing values and benefits like care, risk reduction, well-being and life saving,” said Russell Granger of *The 7 Triggers to Yes*, “but the fact is that most sales reps fail to connect the dots for their customers. Whether it’s because they don’t understand the power of emotional triggers or because they think these messages are somehow self-evident, it’s catastrophic because the results are not neutral; emphasizing factors that are unrelated to emotional triggers can push people toward no instead of yes.”

How important are emotional triggers to influence and persuasion? Hoffeld tells the story of scientific researchers Barry Marshall and Robin Warren, who discovered a breakthrough in the causes and treatment of peptic ulcers. When they first presented their findings to the medical community, they were rejected. Although the data were persuasive, explained Hoffeld, the researchers were not. They were not well known and did not “look the part.” They had not established a positive relationship with their audience nor were they viewed as authority figures—two of the key emotional triggers of influence and persuasion.

Top pharma sales executives like James Smith, National Managed Care Executive at one of the nation's largest Pharma companies, believe that salespeople must be trained to know, recognize, and activate emotional triggers that can help them persuade and influence the wide variety of buyers, decision-makers, stakeholders, and influencers they must reach. And the route to being persuasive, Smith explains, is not only for salespeople to inform customers about products and solutions, but to inform themselves about the customer, and to devote resources to discovering what customers feel over what they think.

So, how does a sales rep discover what a physician or a chief medical officer or a formulary manager feels? Smith said that training in persuasion and influence is essential, and complementary to whatever sales model may be in place. Resulting changes in approach – refinements to messaging and the emphasis of communications – may be subtle, but game-changing. And incremental gains can make a huge difference in an environment where similar drugs compete for market share or in the specialty market where the cost of treatment is so high.

In his experience in pharma sales, Smith said that many top performers use influence and persuasion skills

instinctively, but often don't have the nomenclature to talk about it or formalize it, and consequently lack the ability to share, mentor, and strategize the approach with others, including with marketing. The growth of a training industry focused on persuasion and influence is helping overcome that limitation. "Having a vocabulary to talk about emotional triggers for making decisions, and helping reps understand how persuasion and influence work are making sales teams much more effective," Smith said.

MacLeod said, "The importance of being persuasive has always been there. And our number one tool to persuasion is our words." Smith added, "For the rep who doesn't have natural persuasion and influence skills, you can teach them based on the science."

Sales people who have learned the science of persuasion and influence know how to activate the emotional triggers that determine how their customers make decisions. Take the emotional trigger of *hope*, for example. Smith says that physicians and health plans are inherently risk averse, and often will make no decision rather than risk the wrong decision. But if the salesperson can trigger feelings of hope in their customer—that they are choosing the right product for the right situation which will lead to the right

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outcome—the opportunities for making the sale can significantly increase.

Smith says that all other things being equal, physicians are strongly oriented toward another emotional trigger, *consistency*. They want to do business with salespeople they have strong relationships with; they want to buy from a sales rep they consider an expert—not just an authority on the product and its therapeutic benefits, but an expert in a range of areas important to the buyer: economic value, outcomes, patient education, disease state management, therapeutic alternatives and more. If the rep is an expert, and can activate her buyer’s emotional centers that desire an authority figure, then the buyer is more likely to automatically accept what the seller is communicating, without having to do a lot of heavy thinking on their own.

Hoffeld said that his group has trained a number

of companies on the principles of influence and persuasion. “We’re finding there’s a general lack of awareness and that most people don’t know about the new science behind decision making. But we’re also seeing a lot of *ah-ha!* moments from business and sales leaders when we introduce it. Pharmaceuticals is an industry based on science, and leaders appreciate the power of science and want to apply it everywhere they can, including sales.”

Russell Granger of *The 7 Triggers to Yes* said he’s seen sales organizations that adopt the science-based selling principles of persuasion and influence literally transform their companies. They’re growing, gaining market share, and experiencing shorter sales cycles. “The simple reason for their success,” Hoffeld explained, “is that they are aligning the way they sell with the way the human brain is wired to buy.”

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