MEASURING WHAT MATTERS IN PHARMA/BIOTECH

How to create the right KPIs for your brand, launch and portfolio

By Vanessa Burrow and Stephanie Hall, Uptake Strategies, 2020
PART ONE
STRATEGIC KPIS

01 The industry context for measurement
02 What is a KPI?
03 The Balanced Scorecard
04 Metrics at different levels
05 Checklist for setting KPIs
MEASUREMENT

Now we can measure so much – which measures really matter?
MARKETING MEASUREMENT THEORY VS PRACTICE

Why did we conduct this research project?

Over the years we have worked with brand teams across a variety of pharma and biotech companies on brand planning and marketing capability projects; one of the most frequently cited “challenge areas” has been measurement, metrics and KPIs!

There is a clear disconnect between accepted marketing measurement theory and the definition and use of KPIs and metrics in practice.

In a recent audit of 10 brand plans (global and local) across 10 different pharma/biotech companies from 2015-18, we found the following:

• Only 1 out of the 10 brand plans had SMART objectives linked to their KPIs
• Only 4 out of the 10 brand plans contained KPIs and only 1 of these brand plans contained KPIs with a clear timeline and target
• Only 3 out of the 10 brand plans included a budget for market research, measurement and tracking
• The most commonly used KPIs are: awareness, recall of campaign messages and usage/prescription rates.

Vanessa Burrow and Stephanie Hall, Uptake Strategies, 2019
HEALTHCARE IS FACING DRAMATIC CHANGES

1. The trend towards speciality drugs continues as life expectancy increases, changing the balance of care towards chronic, specialised disease.

2. Healthcare and technology sectors will continue to converge powered by big data, exploiting predictive analytics, AI, behavioural insights and automation.

3. Overall healthcare costs are rising due to non adherence and the prevalence of chronic diseases. Drug pricing concerns will only intensify.

4. The Pharma industry must win back public, physician and political trust evolving its role to add value through the healthcare system and enable integration.

5. The healthcare system is shifting from a volume to value focus, focussed on delivering better outcomes. Now, more than ever, payers and policy makers are demanding real world data / evidence from pharma to prove value.

6. Patients are active, informed and peer-enabled participants in healthcare. The rise of digital technologies is empowering patients and leveraging real-time information.

Source: Uptake Strategies’ industry research, 2019
HEALTHCARE IS FACING DRAMATIC CHANGES

Implications

1. The trend towards specialty drugs continues
   More than ever launches need to count – so absolute focus on what success looks like and a culture of continuous improvement are critical to success.

2. Healthcare and technology sectors will continue to converge powered by big data
   Enabling deeper, more comprehensive data collection and analysis to provide value to all stakeholders.

3. Overall healthcare costs are rising
   Measurement must include environmental scanning to track, understand and apply innovative ways to deliver on value based pricing

4. The Pharma industry must win back public, physician and political trust
   “Bring the customer in” to create close collaboration, insights and engagement foster a culture of customer and patient centricity so that measures relating to patient satisfaction and meeting expectations are a core part of your culture.

5. The healthcare system is shifting from a volume to value focus
   Data will be linked and analysed from insurance claims, clinics, laboratories, sensors, apps, social media, and more in order to generate real-world evidence about a drug’s efficacy, guiding reimbursement and clinical practices.

6. Patients are active, informed and peer-enabled
   Marketing and sales forces will deploy advanced analytics to understand prescribing behaviour and potential patient profiles, enabling more precise targeting of providers and increasing the number of prescriptions filed.

Pharma transformation over the next decade will require effective measurement to learn, course correct and increase productivity
BIG DATA, BIG GAINS
The promise of Big Data

"Every patient experience now generates rivers of data, which, if pooled intelligently, can trace a detailed portrait of a patient’s health and, when aggregated with other data streams, can coalesce into deep reservoirs of knowledge about entire disease states and patient populations."

- We create 2.5 million terabytes of data a day
- Pervasive monitoring and ‘anywhere interface’ will ease the collection of data on patients response to treatment
- Armed with vast amounts of biological data – the industry will be able to develop more effective, personalised medicines and shift the focus from reaction to prevention
HOW DO WE NAVIGATE OUR NEW WORLD

The last decade has seen major transformations in how we operate effectively

From Touchpoints to Journeys

Understanding and empathising with the patient experience through their eyes

From sales team focus to multichannel engagement

Driving value for patients, payers, prescribers and your organisation

From siloed operations to tech partnerships to improve outcomes

Greater transparency in pricing, linked to outcomes not fee-for-service

Patient involvement and engagement in managing their condition, which in turn raises expectations

Transformations have added complexity and more and more data… Now more than ever knowing what is driving success is critical to future value generation for your organization and for patients, payers and prescribers
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OUR POINT OF VIEW
6 key rules for success with marketing metrics

01 Start with your business objectives – they must be SMART!
02 Measure progress not just end of year outcomes
03 Align cross functionally on the best metrics and assign an owner
04 Get the right systems and measures in place from the start
05 Focus on a few key metrics to improve your marketing effectiveness
06 Create a visual dashboard to easily communicate progress to all levels of the organisation

The ability to measure is a sure sign of a quality organisation. As marketing technology permits access to more data, the gap between excellent marketing organisations and those deficient will widen — defined, in part, between those that measure well and those that do not.

Ref: https://techmarketingblog.blogspot.com/2013/09/which-marketing-metrics-matter.html
HOW TO AVOID ANALYSIS PARALYSIS

1. Set deadlines and make smaller decisions
2. Ask “what 3 things do I absolutely need to know to make this decision?”
3. Avoid rechecking or focusing on complex, rare scenarios and issues – call in a colleague for advice and a sanity check
4. Use the 70% rule – does something seem 70% right? Do 70% of people think it’s a good decision?

To have a bigger impact on the business, marketing executives must learn which metrics matter – and to whom. When marketers get swamped with data, they often report the wrong things to the wrong people.
In business, words are words; explanations are explanations, promises are promises, but only performance is reality.

Harold S Geneen (CEO of International Telephone and Telegraph Corp, Business Author and Deal-maker)
WHY DO WE NEED TO MEASURE?

The pharmaceutical industry is going through a revolution with productivity more important than ever post the major patent cliff in the early 2000s. This means measuring performance of in market products and launches matter more than ever, so absolute focus on what success looks like and a culture of continuous improvement are critical to success.

Measurement is used to monitor and track performance. The primary purpose of this is to drive improvements and help teams focus on what will make this happen.

By measuring the right things, the brand team will be able to help tell the organisation:

- Where progress has been made
- Where performance is heading
- Whether something is going wrong
- When targets have been met

Where Measurement fits into Performance Management

Managing performance involves a cycle of control where actual performance is compared to what was planned using metrics. Corrective action can then be taken to optimise the situation, and metrics tracked to monitor improvements.
WHAT IS A KEY PERFORMANCE INDICATOR (KPI)?

• A key performance indicator (KPI) is a metric that helps you understand how you are doing against your objectives.

• KPIs are used to evaluate the success of an organisation, or the success of a particular activity it is doing.

• Success can be defined in terms of making progress toward a strategic objective or as the achievement of some level of operational objective.

• Choosing the right KPIs relies upon a good understanding of what is important to the organisation.

• A very common way to choose KPIs is to apply a management framework such as the balanced scorecard.

What you measure is what you get. Senior executives understand that their organization's measurement system strongly affects the behaviour of managers and employees.

- Kaplan & Norton

KAPLAN & NORTON’S BALANCED SCORECARD

- The balanced scorecard provides a relevant range of financial and non-financial information that supports effective business management.
- The scorecard produces a balance between:
  - Four key business perspectives: financial, customer, internal processes and innovation.
  - How the organisation sees itself and how others see it.
  - The short term and long term.
  - The situation at a moment in time and change over time.

Think of the balanced scorecard as the dials and indicators in an airplane cockpit. For the complex task of navigating and flying an airplane, pilots need detailed information about many aspects of the flight. They need information on fuel, air speed, altitude, bearing, destination, and other indicators that summarize the current and predicted environment. Reliance on one instrument can be fatal. Similarly, the complexity of managing an organization today requires that managers be able to view performance in several areas simultaneously.
DEVELOPING A BALANCED SCORECARD

Use a combination of input, leading and lag indicators

- Kaplan & Meier refer to these as “Performance indicators”
- These are indicators that will lead to future business
- Useful for diagnosis of under / over performance
- Help provide an indicator for progress and an early warning signal of potential need for course correction
- Particularly useful in pharma as the time between input and impact can be long

Lag indicators without Leading indicators tell you nothing about how the outcome is achieved, nor do they give you any early warning signs about being on track to achieve your strategic goals

- Demonstrates business outcomes arising as a result of leading indicators

Leading indicators without Lag indicators will help you focus short-term, but will not enable you to confirm the broader organisational outcomes achieved

Input indicators are inputs to the business process i.e. projects implemented, spend, activity.
HEALTHCARE EXAMPLES OF INPUT, LEADING AND LAG INDICATORS

**INPUT**
- Sales force activity vs plan
- Full time equivalents allocated to the brand/business unit
- Spend on promotional activity
- Projects implemented

**LEADING**
- Number of formularies secured
- National, regional or local access granted
- Key Thought Leader advocates trained and positively endorsing the brand
- Publication of a key clinical trial or study
- Levels of HCP awareness, interest and engagement with the brand or company
- Positive ratings from target doctors on quality of company meetings, personnel or promotional resources

**LAG**
- Sales vs target and in key territories or hospital accounts
- Market share vs target
- Prescribing or usage rates
BENEFITS & WATCHOUTS OF THE BALANCED SCORECARD

• Helps companies focus on what has to be done in order to create a breakthrough performance
• Acts as an integrating device for a variety of corporate programmes
• Makes strategy operational by translating it into performance measures and targets
• Helps break down corporate level measures so that local managers and employees can see what they need to do well if they want to improve organisational effectiveness
• Provides a comprehensive view that overturns the traditional idea of the organisation as a collection of isolated, independent functions and departments
• A danger that a business will have too many performance indicators
• Need to have balance between the four perspectives – not easy
• Senior management may still be too concerned with financial performance
• Needs to be updated regularly to be useful
HOW DO WE CHOOSE THE KPIs FOR A BALANCED SCORECARD?

Start with your SMART strategic business objectives

**Pro Tip** Express objectives for the value proposition your business offers - the unique combination of price, quality, availability, ease and speed of access, functionality, relationship and service – this is at the heart of the strategy and expresses how your company differentiates from competitors. Make these objectives SMART.

Consider strategic business objectives for all four business perspectives

**Pro Tip** Write strategic objectives in quotes to reflect the voice of their customers and employees e.g. Customer: “Understand me and give me the right information and advice”; Employee “We hire, develop, retain, and reward great people”

Describe the cause-and-effect relationships between strategic objectives

**Pro Tip** Understanding how your objectives are linked to one another can help you set the right KPIs from all the possible metrics

Select metrics that measure the performance for each of these strategic objectives and identify which metrics are KPIs

**Pro Tip** Use a combination of leading and lag indicators – Kaplan & Meier refer to these as “performance drivers” and “outcome measures”

References: https://www.hbs.edu/faculty/Publication%20Files/10-074_0bf15c-151-182b-4592-b865-cd5e715d97a6.pdf
CREATING STRATEGIC KPIS FOR YOUR BRAND PLAN

So how do we translate the balanced scorecard approach in practice?

CUSTOMER
Healthcare professional
Patient
Payer awareness engagement
Loyalty, usage

COMPETITION AND MARKET
Access vs competition
Growth vs competition
Market share
Promotional share of voice

FINANCIAL
Promotional
Spend
FTEs
Sales

INTERNAL EFFECTIVENESS
Capabilities
Processes
Innovation
Supply
CREATING STRATEGIC KPIs FOR YOUR BRAND PLAN

So how do we translate the balanced scorecard approach in practice?

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CREATING STRATEGIC KPIS FOR YOUR BRAND PLAN

So how do we translate the balanced scorecard approach in practice?

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KPIS OPERATE AT DIFFERENT LEVELS WITHIN AN ORGANISATION

Know what the different audiences need to see and design for each level

When marketers get swamped with data, they often report the wrong things to the wrong people....

As one CEO said, "The day I care about how many clicks our Website gets is the day I lose my job!"

References: https://techmarketingblog.blogspot.com/2013/09/which-marketing-metrics-matter.html
WHICH METRICS MATTER AT WHICH LEVEL OF THE ORGANISATION?

The International Data Corporation (IDC)’s hierarchy of marketing metrics

- This hierarchy of metrics describes the business context of what marketing measures and reports
- The three categories correspond to the types of decisions made at various organisational levels and highlights the links between them
- There is an important difference between operational-level metrics and execution-level metrics - both are critical, but for different reasons:
  - Execution-level metrics measure the results of marketing programmes, they are used for optimisation, testing and for customer behaviour analysis
  - Operational-level metrics map the executional processes of marketing into what this means to the business – the operational impact of execution – this makes it meaningful and actionable to business management

Ref: https://techmarketingblog.blogspot.com/2013/09/which-marketing-metrics-matter.html
GOOD KPIs ARE...

01 Aligned with business vision and strategy
Contributing clearly to the balanced scorecard of the business, enabling each function to demonstrate their contribution to the overall business strategic objectives

02 Actionable and predictive
A good metric must provide information that can be acted upon – a metric that merely measures finite or completed actions, not ongoing activity, is only of forensic interest; metrics must be regarded as a trend and must trigger appropriate action.

03 Consistent
A good metric is consistent in what it measures - make sure that the data included in any metric you use is defined at the outset and remains consistent, otherwise, the value of its comparison is useless

04 Time-trackable
A good metric must be able to be tracked over time, it is not a snapshot of an activity at one moment in time

05 Peer comparisons
In addition to analysing internal performance, good metrics should be able to be compared to external benchmarks among a peer group. That peer group may be another business unit within your company, another company similar in size or location, for instance, or an industry benchmark.

Ref: https://www.ere.net/characteristics-of-a-good-metric/
IT’S NOT A KPI IF…

• It doesn’t effectively measure the success of a particular strategy, plan or programme

• It’s not key…there may be many metrics or things that it’s useful to track, but not all are going to be critical

• It’s difficult to get the data/information on a regular basis

• It’s not possible to act as a result of the information you have
IN SUMMARY

Strategic KPIs

There is a significant disconnect between marketing measurement theory and practice and yet a massive increase in the sources of healthcare measurement information. Pressures on promotional budgets and an increasingly complex environment (customers, channels, competitors) mean that a strong set of strategic KPIs are essential for your brand, portfolio or business unit.

Strategic KPIs should ideally follow a balanced scorecard approach and include a combination of input, leading and lag indicators.

Every brand plan should include a set of strategic KPIs aligned to SMART business objectives and strategic imperatives with clear targets and timelines. The best strategic KPIs are oriented around the HCP (healthcare professional), patient or payor/decision-makers’ attitude, engagement and loyalty at superior levels to the competition.

Coming soon: Part 2: Measuring Customer Engagement
ABOUT UPTAKE STRATEGIES

Uptake Strategies offers award-winning, industry leading consultancy to global healthcare companies across planning, capability and launch.

• Uptake Strategies is a multi award-winning healthcare marketing and commercial excellence consultancy
• We specialise in planning, capability and launch, helping global healthcare companies improve their commercial performance
• We deliver practical, innovative, industry-leading consultancy support, inspiring our clients with confidence and improving their brands' competitive advantage
UPTAKE STRATEGIES’ MEASUREMENT RESEARCH AND CONSULTING SUPPORT

- Intelligent Launch Measurement, Uptake Strategies’ research publication, 2015
- Launch Readiness tools, process-design, workshops and reviews
- Launch Performance Optimisation reviews and workshops
- Brand Plan Pressure-test reviews and workshops
- Benchmarking of Brand Plan operational metrics vs industry standards
- Measurement and Promotional Effectiveness Training Programmes

Contact office@uptakestrategies.com if you’d like to discuss a potential training or consulting project
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