

NO CHANGE, NO GLORY

PREMIUM CONTENT ARTICLE ACROSS-COM

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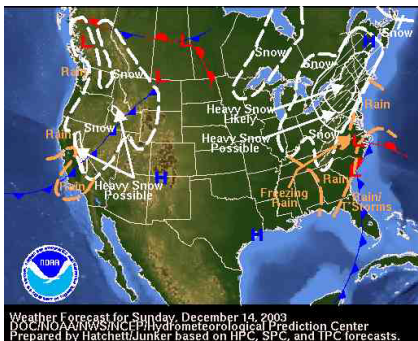
1 PREFACE

More than a decade (for some even decades) ago, Pharma was one of the first industries to embrace CRM. In the post-blockbuster era (2nd half of the nineties) pharma companies needed to seek ways to face the competition from generic drugs manufacturers. As a response, pharmaceutical companies started to increase their sales force (more reps = more calls = more share of voice) and sought new ways to expand their distribution networks. As the compensation of reps no longer solely depended on call pressure, but rather on increasing the market share of individual prescribers, pharma companies started to spend millions on Sales Force Automation software allowing them to plan, monitor and tune the enormous increase in sales activity.

This development signalled the advent of Pharma CRM. Surprisingly enough, a decade later, Pharma CRM is still primary perceived as a Sales Force Automation tool. Most CEO's realise that they have to redesign their business model to now face even bigger challenges (mature market, new stakeholders, tighter regulations, empowered patients...) and most CEO's believe that there is indeed a well of untapped potential in their current CRM deployments. In December 2009, Across Health conducted a CRM benchmarking study¹ comparing the CRM maturity of 6 leading pharmaceutical companies. This study clearly demonstrates that despite the need and the awareness among pharma executives to act now, Pharma CRM is suffering from inertia. In a period that CRM is needed more than ever, many pharmaceutical companies are struggling with the realisation of the CRM Philosophy which strives to make the entire organisation customer-centric.

In this article I would like to draw the attention to some basic change management tactics that -provided that they are implemented by the right people at the right time - will help companies to find back the track to "CRM enlightenment". I have applied these techniques at one of our clients who also clearly suffered from some strong CRM-inertia symptoms. We have managed "to cure" this patient with a cocktail of some proven change management methodologies (Mainly John Kotter's 8-step Change Model²), own insights and above all common sense.

2 WHAT IS THE LOCAL FORECAST?



Pharma Executives realise more than ever that they need to transform their current operations to evolve towards a more customer-centric organisation. CRM should drive these endeavours, but most Pharma CRM Leaders recognise that their current CRM framework is salesforce and not customer-centric. To unlock the full potential of CRM, pharmaceutical companies, will need to deploy a horizontal CRM strategy that lies across **all** sub-processes or silos

throughout the organisation. Looking into this broader scope of CRM, however, we often see that:

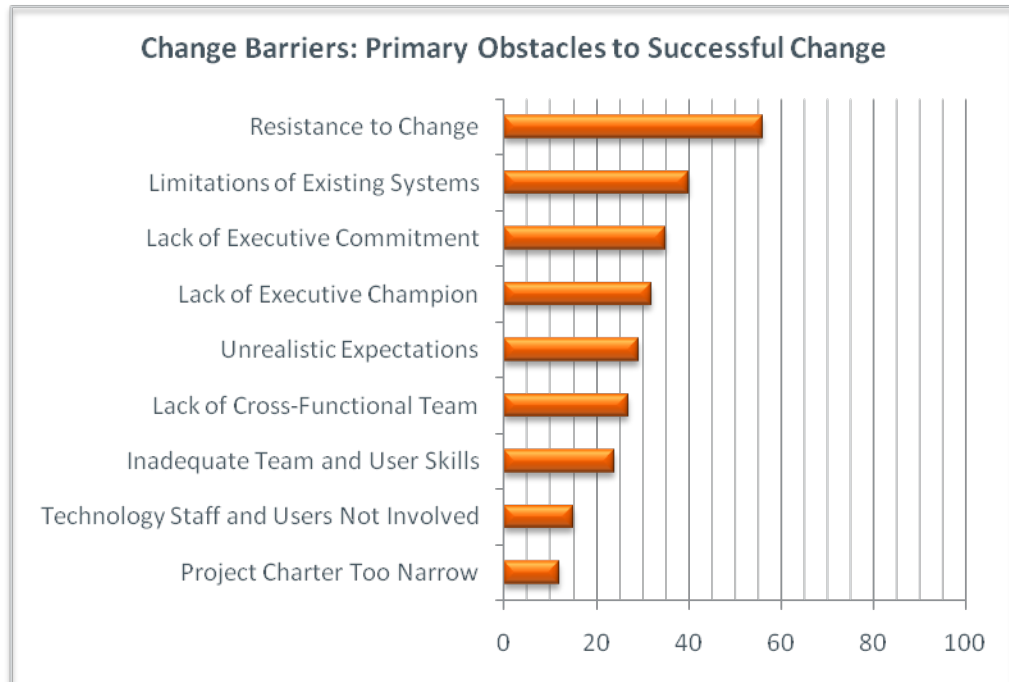
- Marketing departments still tend to run campaigns in *disconnected* mode, meaning that in these cases the response to and the results of marketing efforts are not fed back into CRM.
- Despite the fact that Customer Service often handles initial interactions with health care practitioners and patients we cannot regard them as premium CRM users
- Highly relevant scientific communication between Medical Affairs Departments and HCP's are not captured in CRM
- Pharma's ultimate end-customer, the patient, is completely disconnected from most CRM Programmes.

It's obvious that if these interaction moments are not linked, the company won't have a 360° view of the customer, possibly leading to customer irritation and missed business opportunities.

But is your company ready to bring CRM to the next level? Developing an integrated "multi-channel" view of customers, delivering instant and company-wide access to customer histories is quite complex. Designing an appropriate ROI model for the CRM programme is even more complicated. Quite some companies hesitate to invest in a more holistic CRM approach because CRM departments often fail to demonstrate that the investments in CRM are paying off. The metrics that have been applied to measure the programme's success ratio are generally also far from customer-centric. Most companies focus on end-user satisfaction and system usage and not on qualitative metrics like customer satisfaction.

Most pharmaceutical companies clearly have the ambition to move forward, but these companies will need to endure a difficult change process. Prior to engaging into radical business transformation initiatives, it is crucial that you assess the organisation's agility to cope with change.

Unfortunately we see that in quite a few pharmaceutical companies, the climate for change is far from optimal. Common change obstacles we come across with are:



Source: Information Week

It's obvious that in these circumstances any additional CRM initiative is doomed to fail. Even when the organisation's barometer indicates good weather, it might still take a considerable effort to bring about the necessary change: "Change management is a painful process, requiring new perspectives, responsibilities, team setups and behaviours, and it is essential that HR and training are highly involved in synchronising and supporting these activities."³

In our client's case the local forecast was not good. Rushed by new market conditions and by objectives imposed by the regional head quarters, our client –a major pharmaceutical company- clearly felt the urge to carry through the necessary changes within their own organisation. Anxiety and pressure are bad advisors. Change that is being recklessly imposed will only invigorate one's natural resistance to change. And the ambition: "The ambition is the last refuge to failure."⁴

You must have noticed that I like to use climate-related metaphors. I will keep using them in the next chapters where I will explain in more detail which techniques I have applied to *brighten up the weather*.

3 MAKE A THUNDER



Successful change management is a holistic process. It impacts every department and every division within an organisation and hence it is crucial that **all** internal customers (the employees) fully understand the magnitude of the transformation that is going to take place. Top management needs to lead the dance in selling the need to change to the rank and file. You'll need to design, in other words, some kind of *internal marketing campaign* aimed at winning the hearts and minds of your target group. To complicate things, the target is most likely not a single department, but the entire community of internal CRM stakeholders. In the end, since this was your change imperative, you want your change efforts to radiate to your external CRM stakeholders (the end-customer) as well.

Kotter states in his 8-step change model that any change programme should start with creating a sense of urgency within the organisation. Pharma executives often interpret this advice too literally as they want to impose the change programme top-down and at all costs. To garner company-wide commitment for the programme, however, it is necessary that you investigate whether the climate at the base of your organisation is favourable to take the next hurdle. CEO's are often unaware of the fact that in different echelons of the organisation there might be (often historically grown) change obstacles preventing the company to adopt a more customer-centric business model. The sense of urgency, in other words, must move in both directions: a top-down clearly articulated mission statement stressing the necessity to change and a bottom-up summary of existing or potential change hurdles endangering the success of the programme altogether.

3.1 Identify change obstacles

Since our client was struggling with CRM adoption issues, Across Health was called in to boost the CRM programme. Adoption of the current CRM technology and processes was of course a prerequisite for the company to move along.

To understand and situate the underlying reasons for declining CRM adoption rates we've started to design and roll-out our own "emergency plan" starting with a CRM audit to assess the CRM landscape and change climate. The building blocks of the audit report where:

- Interviews with all CRM stakeholders
- A CRM Survey to measure the NPS⁵ for CRM
- Consolidation of the bottom-up feedback into a Executive Summary report to put the identified change hurdles on the agenda of the Management Board

The interviews were conducted in a friendly and open atmosphere. We asked our interviewees to give us candid feedback on adoption-related and operational questions like:

- Do you feel that the CRM software is supporting you in your daily operations?
- How many times per week do you log on to the CRM system? How many times per week do you synchronise your PDA Database?
- Does CRM offer you a 360° view on the customer profile?
- Do you understand the CRM Philosophy of the organisation? Do you feel that the Management Board is paying enough attention to CRM?
- Did your direct manager tell you how and when to use the system. Does he or she track your progress in CRM?
- Does CRM help you to reach out to other departments allowing you to better serve your customer? Does your customer benefit from this collaborative CRM approach?
- What do you think of the services of the CRM Support Desk
- ...

Simultaneously we've run a survey measuring the NPS for CRM. Both the interviews and the survey helped us in clearly identifying the most persistent change obstacles our client was struggling with.

Some of the issues we have isolated could be solved easily. During the interviews a lot of Sales Reps complained about slow system performance when they were logging in to the CRM database from home. Apparently this situation had been going on for quite a while, but no one within the organisation had taken appropriate action to tackle this issue and Senior Management seemed to be ignorant of this problem. However banal this problem might occur to you, the impact on adoption of CRM proved to be dramatic. By simply reconfiguring some VPN settings in the home office, most of the performance issues were solved but then again for Senior Management "there is no cure for an unknown illness".

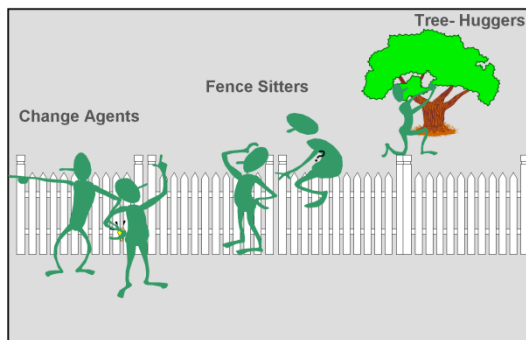
Of course, we've also identified some more substantial change obstacles. Overcoming them required a strong, coordinated and all-inclusive change management plan:

- No collaborative customer-centric CRM strategy; CRM still perceived as a one-sided sales initiative and not as a holistic, cross-silo customer excellence programme. Marketing and Medical Affairs for instance were still operating in a *disconnected* mode and only a very limited number of eBusiness initiatives were linked to CRM
- No consistency in operational guidelines between the various sales teams
- Limited knowledge of more advanced (technical) features of the CRM application; some lack even basic skills (call planning and creation, navigation between the screens...)

- No clear view on the CRM strategy and Vision
- Inadequate CRM Support; no single point of contact to address CRM-related (business) issues
- No proper feedback process on escalated service requests
- Paper approval process flows for events and sponsorship requests

We've listed these findings in a call-to-action executive summary document. Together with the dramatically low NPS for CRM we've managed to create a sense of urgency in the board room and the Managing Director gave us the green light to proceed.

3.2 Appoint change champions



The human factor in Change Management is of paramount importance. You cannot alter the “mindset” of people by force. People and teams need to be encouraged to find their own solutions and responses to cope with change, with facilitation and support from managers and tolerance and patience from executives. Some people, however, are downright terrified of or are

indifferent to change (Tree-Huggers). Experienced change managers often apply the 20-60-20 rule: put 80% of your efforts in the Change Agents and Fence Sitters and not in the Tree Huggers.

Massive change requires a coordinated effort of several individuals within the organisation. At our client we started to form Change communities each with its own members, roles and responsibilities:

The *Super User Community* consisted of a number of employees from all levels and departments of the organisation. We believed that this community should become the corner stone of the company’s change infrastructure, consisting of a carefully selected pool of Change Agents helping others (Fence Sitters) to better digest change. All our Super Users went through a intensive training programme preparing them to assume following roles and responsibilities during the change process:

- Super Users should become CRM SME’s (Subject Matter Experts) as they will act as an intermediate in passing through CRM knowledge to colleagues (*Train-the-trainer programme*)
- 1st line support for all practical CRM questions from direct colleagues

- Change agents: Super Users should act as antennas in the field/department and allowing the CRM Team to react promptly and effectively to slumbering issues and concerns with regards to CRM processes

Besides a Super User Community we've also established a *CRM Core Team* which also consisted of a wide variety of individuals. We've organised meetings with the CRM Core Team on a regular basis where we reported the progress of the change effort. The core team members, in their turn, were expected to provide us with bottom-up feedback and advice.

Last but not least we've organised workshops with middle management to create a harmonised set of operational guidelines and performance follow-up metrics. After the workshops we've managed to draw up a set of procedures clearly describing when and how to apply CRM in daily sales operations.

With a solid new change infrastructure in place we were ready to take the next hurdle...

3.3 Revitalise the vision



Our CRM audit clearly revealed the lack of a clearly articulated CRM vision and strategy. Thanks to our previous change efforts we've succeeded in defining a new, fully endorsed (both by Senior Management and the CRM

Communities) that was ready to be shared with the entire organisation. To emphasise the strategic importance of CRM for the company, all marketing and sales employees were invited to attend a 2-day offsite CRM Boot Camp where following topics were covered:

- *Brush-Up* training facilitated by the super users and line managers addressing all aspects of CRM and its impact on daily operations
- CRM simulation exercises based on real best practice cases and in which all relevant stakeholders need to collaborate to solve the case
- Best practice case presentations by guest speakers from other operating countries and companies that have also been exposed to similar painstaking transformation exercises.
- Panel discussions with senior management

Convinced as we were that we recreated a positive atmosphere for CRM, we've measured CRM adoption 3 months after this event. Unfortunately we could not establish a substantial increase in CRM adoption, meaning that it was time to implement Phase 2.

4 RIDE THE LIGHTNING



Phase 2 is a transitional phase: the primary conditions to transform the business are met, but no climate for sustainable change has yet been created. Drastic reforms require drastic measures. You will need to re-evaluate all key CRM processes: optimise those that are needed to excel and ditch the ones that hinder you on your journey in becoming a true customer-centric enterprise. In this phase, the change actually occurs: the playtime is over; now it's time to bridge the gap between theory and practice and that you start to translate theoretical concepts into measurable actions

4.1 Prioritise and plan your projects and establish CRM Governance

You cannot tackle everything in one go and therefore –together with the CRM communities and the Management Board- you will need to carefully plan and prioritise your CRM projects. The vision needs to be broken down into small, measurable (project) units. For each single project you'll need to apply best-in class project management techniques:

- Write a Project Charter in which you clearly define the business case
- Create a detailed Milestone Planning
- Create a Communication Plan for the project (including “project branding”)
- Appoint Project Managers and Project Teams
- Organise project pilots
- Define progress reporting metrics and KPI's

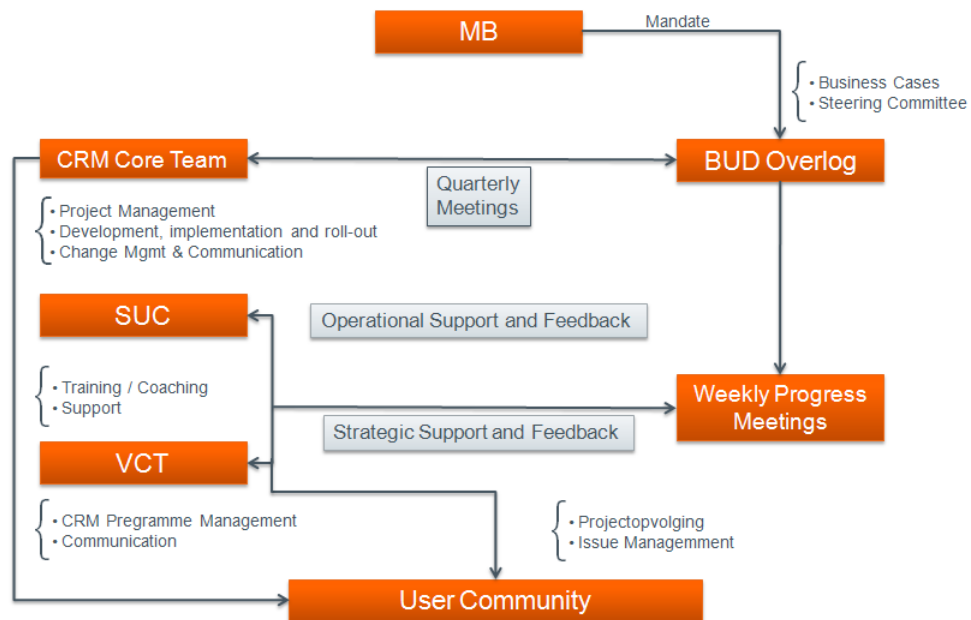
Each process needs a designated process owner, who:

- Takes full ownership of the project and who is accountable for the success of failure of the project
- Is responsible for defining the business case
- Ensures proper KPI's are set
- Integrates the process with the Business
- Is responsible for training content

Ideally, your process owners are also member of a CRM Community. These communities should be flexible, meaning that when appropriate, you can add members from departments who were formerly not or less affected by the change.

To coordinate all individual project activity, it is also vital that you introduce and establish a new but essential CRM Community and that is the **CRM Steering Committee**. This task force is responsible for the overall CRM Programme Management and hence it is more than advisable that top executives have a seat in your Steering Committee.

Engaging the organisation also means that you describe in your communication plan when and how all these parties need to interact with each other. The whole set of internal CRM stakeholder interactions can be seized in a CRM Governance Model of which you see an example in the picture below:

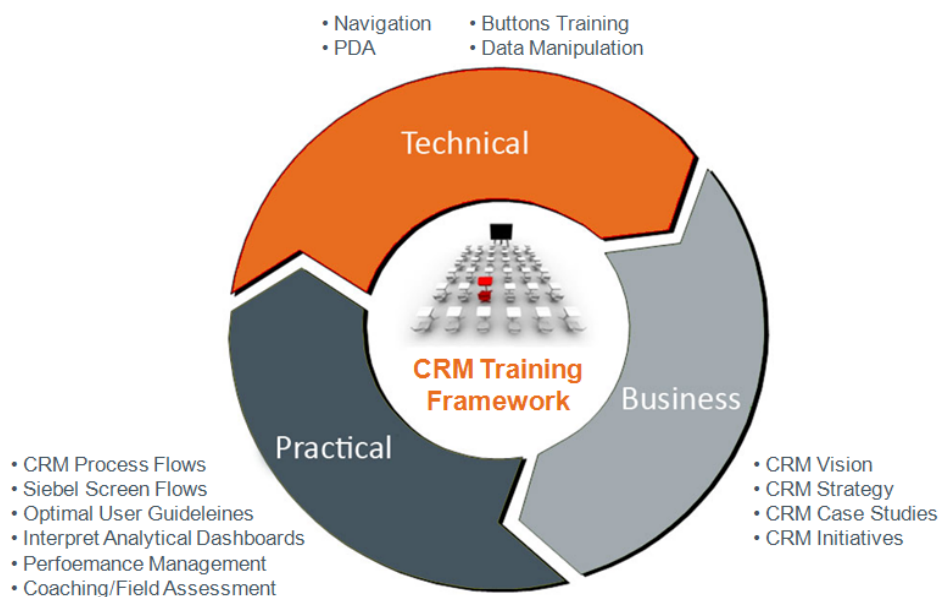


4.2 Adapt your training model

In a 2001 survey conducted by crmindustry.com, the researchers found that that 63% of the companies surveyed did not have a formal training programme in place to help gain employee acceptance of CRM processes and usage of the CRM system. "Without adequate acculturation and training, it's hard for those responsible for making CRM happen to take appropriate ownership of the programme⁶."

Training, in other words, does not equal learning: teaching your employees how and when to apply a CRM process will not change the heart and soul of your employees. When you turn, on the other hand, the training effort into a learning experience you might be able to convert a substantial crowd of *fence sitters* or even *tree huggers* into CRM enthusiasts.

A good CRM learning experience should not only address technical skills but should address all aspects of the CRM Philosophy. The training framework we've designed for our client was based on 3 equally important building blocks as you can see in the picture below:



At our client we have been experimenting with a hybrid training delivery model in which the Super User was responsible for the hands-on training and some practical applications of new CRM functionality and processes, while the Process Owner was responsible for explaining the business implications and the overall learning experience (the *what's in it for me* aspects of the new process). Since this model proved to be successful in pilot training environments, we've rolled it out as a company-wide best training practice. I truly believe that by rolling out this model in which training is conducted in small groups (often own sales or product teams) and facilitated by enthusiastic change agents and invigorating process owners, we have discovered one of the magical formula's to help turn companies into truly customer-centric enterprises.

5 EPILOGUE: EMBRACE THE WIND OF CHANGE



Make no mistake: When you read my journal on change management techniques and recommendations, you might think that I have been stating the obvious. In our client's case, however, it took approximately a year to create a climate of sustainable change. Fortunately it was worth the effort because now our client can reclaim its position as CRM Leader in pharma.

Probably I am again stating the obvious when I declare that change is a dynamic process. To keep the momentum alive and to prevent the stalling of planned CRM initiatives you'll need to invest in communication, training and your change infrastructure on a continuing basis.

Be aware that your company's agility to change will be tested on a regular basis, but I hope that my article will inspire you in your quest.

¹ Schenck F., Van den Bulck T, De Paepe B, Keuppens J: "CRM Benchmark Report 2010", p.8-9, April 2010

² Kotter, J: "A force for Change: How Leadership differs from Management" (1990)

³ Simpson, L: "The Real Reason Why CRM Initiatives Fail," *Training*, 39 (5,2002), pp/ 50-54

⁴ Quote from Oscar Wilde

⁵ NPS or *Net Promoter Score* is a customer loyalty metric developed by Fred Reichfeld, Bain & Company. NPS can be obtained by asking your target group one simple question: "How likely will you recommend xxx (being the CRM programme in our case, but could also be a product, a company etc) to a friend or colleague". Based on the answers, we can divide the respondents in three groups: "Promoters (9-10 rating), Passives (7-8 rating) and Detractors (0-6 rating).

⁶ Sudhir H. Kale: "Appreciating the Role of Change Management in CRM", p.6