The Evolving Pharmaceutical Sales Organization: A Drive to Flexibility, Efficiency and Improved Performance

The Embedded Model
This document is the second of a three-part discussion examining how PDI, a leading outsourced promotional services provider, is strategically partnering with the pharmaceutical industry to deliver a more flexible and efficient field force to drive improved top- and bottom-line performance.

In Part I we examined how PDI is partnering with the industry to create new sales team models to better leverage internal resources while providing the flexibility needed to match product life cycle and shifting portfolio management needs. This paper will address ways to efficiently transition to sales force models best suited to evolving portfolio dynamics.
Executive Summary

Changing conditions within the pharmaceutical marketplace dictate that sales models must also evolve. Business as usual is no longer effective in achieving top- or bottom-line results. To address this, many pharmaceutical companies are restructuring their sales forces and looking for more flexible and efficient models that take advantage of strategic partnerships with providers of outsourced sales professionals. One of the transitional tactics being explored is the embedding of outsourced sales professionals within the company’s internal team to create a blended team, fill vacancies, provide complementary skills and improve elasticity.

The embedded model is similar to other outsourcing strategies in that it offers pharmaceutical companies the:

1. Opportunity to achieve the territory coverage needed to maintain or grow share of voice while decreasing internal headcount and reducing fixed costs.

2. Flexibility needed to upsize or downsize quickly as needed, thereby acting as a product commercialization risk mitigation strategy against future unexpected events, such as pipeline disappointments, negative FDA action and competitive threats.

However, unlike traditional outsourcing models, the embedded approach provides tighter integration of the outsourced sales representatives into the pharmaceutical company’s overall structure which may result in:

1. Streamlined sales team operations and management.

2. An overall lessening of the friction commonplace between internal and outsourced representatives in a more traditional deployment.

3. Improved overall sales team effectiveness and efficiency.

The embedded model may offer a significant financial advantage and a way to practically shift fixed field costs to a more variable cost structure while improving risk-management.
How to move forward with flexible, scalable field teams to meet these changing market conditions while improving top- and bottom-line performance is the true challenge.

The Transitioning Sales Force

A multitude of factors and market forces have combined within the last three-to-five years to fundamentally change the way pharmaceutical companies structure and deploy their field forces. These change agents include lackluster earnings resulting from blockbuster life cycle maturation, heightened FDA and payer pressures, and shrinking physician face time. In addition, the industry consolidation has led many pharmaceutical companies to downsize their headcount as a short-term, cost cutting measure while developing a game plan to capitalize on the shifting landscape. Announcements of layoffs have become commonplace. An example of this industry practice is industry giants Pfizer and Merck announcing planned reductions of 15% of their workforces as a result of their respective mergers with Wyeth and Schering-Plough.¹

How to move forward with flexible, scalable field teams to meet these changing market conditions while improving top- and bottom-line performance is the true challenge. As discussed in “Emerging Models,” the industry is seeking to establish new sales models offering the flexibility needed to remain competitive. Rather than rely on one representative profile across a brand’s life cycle, the industry is moving towards new representative classifications where experience level and skills are better suited to the brand’s position within the portfolio (fig. 1).
**In-depth category and product information presentations**
- Clinical report reviews
- KOL reviews
- CME and/or promotional events
- Overviews of managed care coverage
- Sampling and patient education

**Addressing questions and/or objections**
- Providing information on new indications and uses
- Reviewing case studies
- Reviewing managed care coverage
- Delivering samples and patient education materials
- Reporting adverse events

**Reinforcement of core messages**
- Life cycle management
- Updates on managed care coverage
- Sampling and patient education
- Adverse events reporting

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*Supplemental Representation*
Although the industry has realized that utilizing a single, high-cost representative profile throughout the brand life cycle is not ideal from either a productivity or financial viewpoint, making the transition from a “one size fits all” model to the new multi-profile team is not an easy assignment.

Cutting headcount to make way for new profiles is certainly an option, but the industry must balance this downsizing with the need to minimize disruption and the poor morale resulting from job security concerns in order to maintain effective sales teams. Making the most of the existing field force investment is key to a successful transition. According to Bob Davenport, vice president of the Hay Group, “The days of armies of sales representatives in the field driving revenues are now over. It will no longer be about numbers and volume — now the focus will shift to productivity and performance of the sales staff who remain.”
The Embedded Outsourced Sales Force

One of the ways the industry is balancing its move to reduced headcounts with its need for flexibility and performance is to fill vacant territories as they occur with embedded, outsourced professionals. Unlike the more traditional outsourcing arrangement where a standalone outsourced team is deployed, embedding occurs when an outsourced representative is placed within the structure of an existing internal team. These representatives report into the pharmaceutical company’s sales management, receive identical equipment and resources to their internal teammates and participate in the same training and business meetings. The only difference between these two groups is that embedded representatives receive their pay and benefits from the outsourcing provider.

Not only does this approach streamline sales team operations and management, it helps the outsourced representatives blend into the existing team, creating a more unified whole. As a phased transition versus a disruptive one, it also reduces the “us” versus “them” friction commonplace between internal and outsourced representatives in segregated models.

More importantly, the embedded model enables long-term change in the sales team composition – and does so without negative impact on morale and productivity by creating flexible field teams that optimize resources while meeting lower internal headcount targets.

In a blended team, the outsourced members can fit into a number of different roles as team needs require. These roles include:

1. Acting as a hedge against vacancies in high value and strategic territories.
2. Providing an overlaying surge resource during a product launch.
3. Covering only certain deciles or geographies.
4. Supplying candidates for conversion into internal representatives if desired.
The actual mechanics of embedding representatives are simple. It typically starts with positioning outsourced sales professionals in territories where coverage is needed, but are not slated to be backfilled with internal headcount. Once hired by the outsourcing partner, the embedded representative becomes part of the field team reporting to the pharmaceutical company’s management.

By using an embedded model, needed coverage that can be upsized or downsized as required is obtained at a lower cost without an adverse impact on internal headcount or employee morale.

The following section will provide a more detailed look at how to embed outsourced representatives within a company team.

THE EMBEDDED MODEL FOR VACANCY COVERAGE

Figure 2: Embedded Outsourced Territory Coverage of Vacancies

100% Internal Representatives  
Blended Team with target % of team permanently outsourced

High Fixed Costs  
Target % of fixed costs shifted to variable costs

- 100% Internal Team
- 2 Weeks Later: Vacant Territories Filled with Outsourced Representatives
- 3 Months Later: Natural Attrition of Internal Representatives Continues Over Time
- 1 Year Later: Vacant Territories Filled with Outsourced and Converted Representatives

Territory Coverage
- Internal Representative
- Outourced Representative
- Vacant
- Converted Representative
Figure 2 shows how embedding can be employed within a typical field force to fill vacancies and create a blended team. The team shown on the diagram labeled “Present” at the far left is comprised entirely of fixed-cost, internal representatives and has 15% of its territory vacant as a result of natural and forced attrition. The vacancies are then filled with outsourced representatives embedded into the existing team, resulting in a fully staffed territory as shown in the “2 Weeks Later” diagram, but at a lower fixed cost and with no increase in internal headcount.

The third diagram shows the same team three months later. The embedded representatives are still covering their original territories, but new vacancies have occurred. Not all of these open territories need replacement for optimum coverage and may be left strategically vacant while others are staffed once again using an outsourced representative embedded into the internal team. Over time the team-wide territory coverage evolves to look like the final diagram, “1 Year Later,” which features a blend of internal and outsourced representatives and strategically abandoned territories to better achieve the desired cost/benefit ratio without sacrificing promotional scale, impact or quality.

Vacancy management is just one example of how embedding can be used to solve business problems. The direct advantages of staffing a team with embedded representatives are potentially significant and include:

1. Providing a scalable way to transition the assets invested in the field force to a more highly leveraged position in line with portfolio needs.
2. Offering cost savings, strategic flexibility and maintenance of competitive position.

Indirect advantages resulting from embedding are also noteworthy. These include:

1. Allowing sales management to focus on driving sales, rather than spending time managing their staffing levels.
2. Encouraging assimilation and acceptance of the outsourced representative by internal team members through unified communication and management leading to reduced friction with the ranks. (See Sidebar: Achieving Assimilation in the Embedded Model, p. 9.)
THE EMBEDDED MODEL AS A BUILT-IN FLEX LAYER

While managing vacancies is perhaps one of the most common uses of an embedded team, another application is to build a flexible standing layer within the internal team that can rapidly respond to market condition shifts or business demands. As shown by comparing the two hypothetical deployment scenarios featured in Figure 3, this model...

Figure 3: Embedded Organizational Flexibility

STANDARD DEPLOYMENT

- **Internal Representative**
- **Embedded Representative**

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SURGE DEPLOYMENT

- **Internal Representative**
- **Embedded Representative**
- **Redeployed Embedded Representative**

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Fill with vacancy rep, service rep or use Call Center/ePromotion to maintain territory beyond 3 months.
The embedded model provides the flexibility to redeploy embedded representatives as needed to meet current business objectives, without having to increase the overall team size or cause widespread disruption. Depending upon what brands an embedded representative is carrying, trained on and has materials on hand for, redeployment can occur rapidly.

As shown in the top section of Figure 3, the standard deployment model embeds representatives who may be mirrored with an internal representative in high value territories and deciles, while in less strategic territories or for mid- to lower-level targets, they may be the only one providing coverage. However, as shown in the bottom portion of Figure 3, the embedded representatives can be redeployed to follow a modified call plan within their territories in order to provide extra coverage within key targets in times where surge, launch or prepositioning coverage is needed. When the surge period has ended, they resume their normal call plan.

In territories staffed by both representative types, the embedded one also acts as a built-in insurance plan. Should their internal counterpart leave for any reason, the representative can immediately take over high-value targets if needed.

Alternately, in regions with geographically concentrated territories such as metropolitan areas, it may be possible to rotate the embedded representative between multiple territories as needed in order to provide the best level of coverage possible. This gives sales management increased flexibility at both the individual territory and regional level to deploy resources appropriately and make course corrections as needed.
ACHEIVING ASSIMILATION IN THE EMBEDDED MODEL

In theory, the embedded model delivers a cohesive team more cost-effectively than a team composed of all company representatives. The embedded representative reports to the company district manager and receives company training and materials; he or she is, for all intents and purposes, a company representative who just happens to be paid by the outsourced provider.

In actuality, that assimilation is not a given. Both the pharmaceutical company’s field management and the embedded representatives need to work diligently at building team cohesion.

To be successful, that work has to be done up front. The embedded representative must be a cultural fit, putting the onus on the outsourced provider to hire individuals who can embrace the client company’s vision, mission and values and behave accordingly. Additionally, they should provide questions and answer guides to help the new hires understand what to expect under what likely is an unfamiliar arrangement to them.

Communications and expectation setting is very important from the start. On the client side, expectations for performance of the new team must come from the top, and be enforced from the top. The senior leadership should set the tone for the engagement so that all communication and practices with both company and embedded team members is the same. If an “us” versus “them” mentality surfaces, it is important to find the source and resolve the issue as soon as possible.

The client company, with support of their outsourced partner, must establish expectations – the “rules of road” to be followed by every team member. Regional and district managers must be careful to avoid establishing a team pecking order based solely on a paycheck source versus performance. To truly be effective, all team members must believe that they are working for the brand/brands they are representing versus a specific company. This takes enlightened leadership and strong management, however, when this occurs, the embedded model works well.
The Financial Impact of The Embedded Model

Filling open positions with outsourced representatives can have significant positive financial impact, including:

- Shifting a percentage of team costs from fixed to variable.
- Optimization of fixed cost risk-management.
- Savings on administrative overhead costs of hiring and payroll.

Industry contraction is making outsourcing an even more attractive and, in some cases, necessary option. The recent flood of sales talent in the marketplace due to downsizing has driven down salaries. Therefore, an equally-skilled embedded representative may earn a much lower salary than the tenured representative he or she is replacing in today’s market.

There are two basic approaches that can be used to adopt an embedded model, each with distinct advantages and disadvantages that require careful consideration. Both approaches can result in substantial cumulative savings over time.

First, there is the gradual or natural approach, which takes advantage of the ordinary course of attrition over time. As vacancies occur, they are filled with outsourced representatives who are embedded into the internal team. This approach minimizes disruption of the standing team – for both representatives and managers alike – and most closely mimics the natural ebb and flow of vacancies and new hires within a team. However, this approach has its drawbacks, including the inability to fully control when or where attrition will be experienced. This can make it more difficult to achieve the desired mix of internal versus outsourced representatives within a specific timeframe, resulting in a slower, less predictable schedule for shifting to variable costs.
Alternately, an immediate, accelerated approach, also called rebadging, which is essentially embedding done in reverse, can be used to transform sales team composition virtually overnight. Under this approach a pre-determined subset, or even the entire team, is released by the pharmaceutical company, immediately re-hired by an outsourcing partner and then redeployed as embedded representatives within their former territories. The result is an immediate transformation of the team’s composition and cost structure. Additionally, territories can be redrawn at the same time if needed to ensure the team is optimized in terms of size, composition and target coverage. 

(See Sidebar: The Impact of Rebadging, p. 15.)

This accelerated approach also permits a shorter communication event that helps an organization move more quickly past morale issues and it enables it to reap the efficiency benefits of a better-purposed sales organization. The obvious drawback is a short-term disruption of the company culture and morale and a possible temporary increase in natural attrition.

Figures 4 and 5 illustrate hypothetical savings scenarios of using these two different approaches to achieve a 65% outsourced/35% internal representative composition of a 5,000-member primary care team.

Figure 4 shows the cumulative savings over time when a natural or gradual transition model approach is pursued to achieve a structure where 65% of a 5,000-member team is embedded. In this example, a company might expect to achieve cumulative savings of $408M in five years, not reflecting Net Present Value (NPV) calculations. Annual savings increase every year until year seven, when a mix of 65% outsourced/35% internal representatives mix is achieved; savings then flatten out moving forward.

Figure 5 shows cumulative savings from a rapid transition, not reflecting NPV calculations, of approximately $703M over five years. This is achieved by immediately rebadging 60% of internal staff in year one and allows for an above average attrition rate of 25% in year two. In this model, the desired mix of 65% outsourced/35% internal representatives is achieved in year two. Natural attritions of 15% occur over the remaining three years, with openings being staffed with outsourced and internal representatives to maintain the desired mix.
FIGURE NOTES:

The following assumptions were used to develop Figures 4 and 5:

- Internal representative cost Year 1: $90,000-$115,000 (Average $102,000) for salary and bonus.
- Outsourced representative cost Year 1: $54,000-$69,000 (Average $61,500) for salary and bonus.
- Annual salary increases for internal and outsourced representatives: 3%.
- Annual natural attrition rate: 15% for internal and outsourced team members.
- Target % for embedded outsourced team members: 65%.
- Calculations do not include overhead, severance, recruiting, hiring, training, start-up and other costs associated with field deployment. Costs will vary for each company and teams within that organization.
The obvious difference in this rapid transition model is in the financial payoff. Unlike the gradual transition model (fig. 4), where the desired team mix is not reached until year seven, the rapid transition model (fig. 5) delivers an additional $295M in cumulative savings over the same five-year period.

No matter how it is done, the practice of downsizing often leads unaffected representatives to seek employment elsewhere. Therefore, if an organization wants to achieve an overall internal headcount reduction of 30%, for example, it may counteract this tendency by initially reducing its internal headcount by less than the target goal and waiting for the remainder of the desired reduction to take place through natural attrition. Such a modified approach could lead to fewer readjustments moving forward.

THE IMPACT OF REBADGING

In theory, rebadging is a viable strategy for pharmaceutical companies seeking to make rapid and impactful changes to their cost and sales force structure; however, it is not without risk. Human resources, legal, sales operations, public relations and other key areas must be given ample time to evaluate the potential impact of rebadging from their perspective standpoints to reduce the risk of labor lawsuits, co-employment issues, violation of existing contracts and agreements, negative publicity, higher than average attrition rates, territory disruptions and other potential problems that could occur as a result. The full extent of issues that may arise is not known with any certainty. At the time of this writing, to PDI’s knowledge no pharmaceutical company has implemented this strategy yet, although at least one Top 10 pharmaceutical company has seriously considered it within the past year.
Why Does a Vacant Territory Require Coverage?

A discussion on the embedded model would not be complete without some examination of the reasons for vacancy coverage, which is often a company’s first experience with blended teams.

Despite the close scrutiny being given to sales force size throughout the industry and the associated cutbacks, the value of sales representatives to their employer is indisputable, particularly if they have a solid track record of performance. According to Kent Stephan, CEO, Princeton Brand Econometrics, “A company’s sales force is the primary generator of prescriptions, with a typical sales force accounting for about 10% - 25% of the company’s promoted Rx sales.”

So at what cost does a company achieve these sales results? With total U.S. drug sales reaching $300.3 billion in 2009 according to figures published by IMS, the sales representative contribution in the United States would be anywhere from $30.3 billion to $75.1 billion. Considering that an average of 7% of a company’s total territories can be vacant at any given time, it is easy to understand the overall negative impact on sales that can result. A sick day or scheduled vacation may go unnoticed, but most territory vacancies tend to be a result of longer-term leaves of absence as shown in Figure 6.

Figure 6: Leading Reasons for Temporary Leaves of Absence
The industry could be looking at an average of $2.1 billion to $5.3 billion in lost revenue over a year due to vacancies.

If one extends the revenue discussion of the representative’s contribution of 10-25% of a company’s total promoted Rx revenue, then the industry could be looking at an average of $2.1 billion to $5.3 billion in lost revenue over a year due to vacancies.

Financial ramifications are just one of the costs associated with vacant territories. There are many other costs to consider. For instance, leaving critical physician targets uncovered creates an opening for a competitor to exploit, resulting in reduced share of voice for the brand and, ultimately, market share. Avoiding this situation is even more important for a launch brand or a brand in a highly saturated and relatively undifferentiated therapeutic category. Outsourcing provides pharmaceutical companies with a way to provide representative coverage without increasing internal headcount for as short or long as necessary.

Opinions vary throughout the industry on the best timing for filling a vacancy with an outsourced professional. One Executive Director at a privately-held pharmaceutical company only looks to fill vacancies that will run longer than four months. “If someone is going out on a short-term disability of three to four months, more than likely his or her pre-disability sales activity will maintain the territory during the absence. However, once your time away gets longer than that, the embedded model can step in to provide vacancy management.”

Others, such as an Associate Director of Contract Sales at a major pharmaceutical company, are working with strategic outsourcing partners to immediately cover short-term vacancies such as maternity leave and other disabilities with part-time, embedded representatives. The same company is also filling territory vacancies resulting from a recent field reorganization with full-time, embedded Established/Mature Market sales professionals who will detail their targets but not need to deliver high science information. (See Sidebar: Diversifying the Team with Outsourced Professionals.)
In addition to right-sizing sales teams to better address portfolio and market needs, the pharmaceutical industry is also looking to change the composition of the team it deploys. Teams are being restructured to better match the brand’s position within the portfolio as shown earlier in Figure 1.

The embedded model can also help achieve a blended team, but depending on the brand’s position in its life cycle, may require adding outsourced professionals of a certain classification rather than with the same type of representative who formerly occupied a particular territory. For instance, a launch brand may require Customer Service representatives to be used in the same territories as their more clinically-focused counterparts. Therefore, using the embedded model to build this team may involve adding to overall headcount with the outsourced representatives, or possibly replacing an existing mirrored team that is no longer required with a less expensive customer service team. As the same brand reaches maturity, outsourced Customer Service representatives can replace the primary or specialty company representatives through natural attrition, falling back to the more traditional embedded model.

In either case, the embedded staffing model affords the flexibility to upsize or downsize quickly to respond to market conditions without impacting the core internal team.
Industry Moves Toward The Embedded Model

The embedded team was first deployed in the industry as early as 2001 but has generated considerable interest in the past two years. According to reports at the May, 2009 TgAS® Mega-Summit the embedded outsourced sales force is the most piloted new selling model, with 47% of attendees doing pilots.8

“The model is becoming more widely accepted,” states an Executive Director at a privately-held pharmaceutical company. “Co-employment can be a risk when outsourced representatives are not embedded, as they wouldn’t necessarily report to the company manager. Since embedding calls for the outsourced representative to report to my manager, the co-employment risk in that situation is not as significant.”

Outsourced providers are aware of co-employment issues and can provide guidance that minimize these risks. (See Sidebar: Mitigating the Co-Employment Risk, pp. 21-22.) One major pharmaceutical company ran a pilot program with PDI using outsourced representatives to fill vacant territories for specific brands throughout the country. Nationally, sales representatives were gradually added at a predetermined monthly rate with a rapid response time following a vacancy occurrence.

Each outsourced representative was provided with the same tools as internal teammates, including target lists, promotional resources, training resources, strategy and key messages. Each was embedded into the standing team reporting into the company’s sales management and was expected to perform the same duties required of the internal representative. At the end of the first year, the company evaluated the results and decided to continue the program.

Other companies are adopting modified approaches to test new deployment and coverage theories customized to their unique viewpoints and needs. One Associate Director of Contract Sales noted that outsourcing partners are particularly attractive because they can “flex sales forces across a variety of brands or markets.”

This sentiment is confirmed with another major pharmaceutical company, which partnered with PDI to test a new deployment concept, using outsourced representatives to cover entire MSAs rather than individual territories.
The pharmaceutical client started by identifying key MSAs where they consistently experienced short-term vacancies. Each MSA contained multiple territories. An outsourced representative, trained in all the primary care products detailed in his or her assigned MSA, was placed on call to cover individual territory vacancies as they occurred.

The objective was to avoid any ramp-up time in filling a vacant slot so that there was no opportunity for a loss in share of voice and to reduce vacancy coverage costs.
The risk of litigation over claims of co-employment has been around for decades and spans across all industries that use temporary or contract labor. These lawsuits can occur whenever there is a situation where two or more organizations are deemed to be the employer of the same individual. If a co-employment situation is established, both employers can be liable for violation of state and federal employment laws, and employees may have the right to claim benefits from both employers.

One of the most publicized co-employment cases was Vizcaino v. Microsoft [97 F.3d 1187 (9th Cir., 1996)], a class action suit that was eventually settled, along with a smaller but similar case, for nearly $97 million in December, 2000. In the Microsoft case, the trouble arose from wording within the company’s benefits guide that misled thousands of long-term contract (“permatemp”) employees into believing that they had the right to participate in the company’s 401(k) and Employee Stock Purchase Plan (ESPP) programs after they were reclassified as “common law” employees during a IRS audit in the late 1980s.

Given that lawsuits can and do happen, it is critical to select an outsourcing partner who has a complete and thorough understanding of co-employment law. It is important to look for a partner who has real-world experience and a proven track record. For example, PDI has never had a client be successfully sued under a co-employment claim related to a PDI outsourcing engagement. A strong partner will advise on best-practices, evaluate the pharmaceutical company’s strengths and weaknesses, and work with the company to develop a co-employment approach that is right for the company’s culture.

Additionally, a good partner will happily share their knowledge and train the pharmaceutical company’s human resources personnel on co-employment to ensure that both parties have a clear understanding of best-practices and put only well-defined policies and procedures in place. When evaluating a potential outsourcing partner, it is important to note that they proactively and thoroughly address the issue of co-employment early on; those who do not should raise a warning flag.
Co-employment risk can be greatly mitigated with a conscientious, comprehensive and pre-planned approach to managing third-party employees. Since there are a number of components that go into establishing co-employment status, such as who pays benefits, handles discipline, conducts training, supplies equipment and so on, the acceptable level of risk can be addressed to the extent that the company deems appropriate by how closely and completely these areas are addressed and managed. Getting the right partner in place and establishing clear and concrete policies and procedures before a single employment ad is placed is critical to launching a successful embedded sales arrangement.
The Benefits of Strategically Partnering with Outsourced Promotional Service Providers in an Embedded Model

Working with an outsourced sales service firm to adopt a highly flexible, embedded model offers the industry many advantages:

1. Recent industry downsizing has created a pool of highly experienced sales professionals for outsourced assignments.

2. Recruiting, hiring and training are done by the outsourced provider freeing company management to address brand strategy and field issues.

3. Deployment costs can be significantly less in comparison to internal representatives. Costs are also shifted to a variable cost structure.

4. Vacancies can be filled quickly, minimizing negative impact on territory coverage. Time to deployment of an outsourced representative can be as short as 14 days where a typical hiring cycle for a permanent representative can be as long as 58 days with training potentially taking an average of an additional 184 days according to Cutting Edge Information.9
Conclusion

The evolving sales model is calling for diversity and flexibility in sales team composition. The “one size fits all” representative model is no longer viable in today’s market, but transitioning to new models can be difficult. Embedding outsourced professionals within a team, either to transform the personnel and cost structure mix or to cover vacancies as they arise, is an efficient and flexible way to change the team composition without impacting overall headcount or increasing fixed expenses.

Although the pharmaceutical industry has a history of converting outsourced sales representatives into company employees, that trend has decreased as the industry moves to smaller company teams reinforced with outsourced representatives as needed to meet product or market demand. Indeed, the embedded model marks a willingness by the industry to consider permanent staffing by outsourced partners for vacant territories or as part of a broader strategy to reshape its entire sales organization, which is a marked departure from the traditional use of outsourced sales professionals for temporary, free-standing teams brought on to reinforce brand coverage. By strategically partnering with outsourcing providers in this fashion, the industry can more quickly achieve the agility and flexibility needed to address changing market conditions and drive top- and bottom-line performance.
ABOUT PDI

PDI provides integrated promotional outsourced services for established and emerging healthcare companies. The company is dedicated to maximizing the return on investment for its clients by providing strategic flexibility, sales and marketing expertise.

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References


3 “Pharmaceutical Sales Management 2008,” Cutting Edge Information, pp. 131-134.

4 PDI calculations based on a 30% reduction of the internal representative costs as reported by Cutting Edge Information. This reduction is based on PDI absorbing recruiting, hiring and onboarding costs as well as payroll administration overhead. Other cost reductions are related to a shift in salaries based on the going market rates.

5 “Sales Force Effectiveness, Third in a Series of Articles That Examine Problems and Solutions of Detailing to Physicians,” Pharmalive, May 4, 2005, p. 3.


