

The Biotechnology Industry: Sales Trends and Strategic Initiatives



Executive Summary

Biotechnology has been and continues to be a dynamic, evolving industry that is marked by both an increasing global demand for Biotech advances and restraints surrounding costs, time frames, and related challenges associated with bringing drugs to market. Steady growth year over year makes this industry attractive to many investors, who see Biotechnology as a “new frontier” of sorts, an emerging industry worthy of funding to meet an increasing global demand for innovation. Biotechnology Companies are using those resources to stay on the leading edge of biopharmaceutical advances so that they can gain greater efficiencies and cost reduction associated with drug development.

Companies that call on the Biotechnology Industry can leverage certain sales trends detailed in this report and take strides toward being proactive vs. reactive through a series of strategic adjustments to business processes and practices. Add to that effort investment in key areas of skill development to solidify a consultative sales culture and equip Salespeople to increase the quality of each sales call.

Sales Trends in Biotechnology

- ▶▶ **Biotech on the Rise.** In 2007, Biotech drugs represented 20% of the domestic drug market. Globally, Biotech drug sales increased 12% over 2006, with sales in the \$75 billion range. Aggregate revenue reports from various publicly held, US-based Biotech Companies indicate solid 11-12% increases year over year with trend data suggesting a continual rise in revenue to 2016.
- ▶▶ **Aging Population Fueling Growth.** There is a significant aging population in the developed world, and this population trend is fueling drug consumption. The US Government estimates that in 2016, US drug purchases could exceed \$497 billion due to a rapidly aging population, inflation, and the proliferation of expensive new drugs.
- ▶▶ **Global Focus on Biotech.** Internationally, there are multiple factors that are contributing to the rise of Biotechnology innovation and consumption. As the global community continues to focus on developing effective vaccines to reduce epidemics, Biotechnology Companies are at the forefront of these research and development

Overview

From its position as a global sales training and consulting firm, Richardson has partnered with some of the world's leading Biotechnology Organizations to provide comprehensive total solutions for their Salespeople to improve performance and reach revenue goals.

As part of its detailed customization process, Richardson interviews several top stakeholders within its Client Organization to understand needs, challenges, and areas for development. Richardson's proprietary methodology for acquiring and analyzing this information leads to valuable insight and trends from within the Biotechnology industry as a whole and, as a result, Richardson is able to provide this value-added information to its Client Partners.

efforts. Increased global demand for Biotech resources has attracted a new wave of investors who are looking to invest funds in Biotech Companies that they view as emerging industries. Additional investment funds available through government sponsorships in several eastern countries have also provided a means for R&D expansion fueled by global demand. This same trend may also represent greater competition to western-based Biotech Companies in the future, especially as firms are increasingly outsourcing functions, such as clinical trials, to countries like India in an effort to reduce costs.

- ▶▶ **Attractive Merger and Acquisition Targets.** Biotech Companies have become attractive propositions, typically for Pharmaceutical Companies looking to strengthen and supplement their own drug pipelines. Acquiring cutting-edge Biotech Companies can be far more effective for growth-oriented Pharmaceutical Companies than the costs and time frames associated with new drug development – estimated at about 16 years from concept to distribution and \$800 million to \$1 billion in development and marketing costs.
- ▶▶ **Continued Investment in Technologies.** To stay on the leading edge of biopharmaceutical advances, Biotech Companies are continuously investing in resources and systems that will enable them to gain greater efficiencies and cost reduction associated with drug development. Of particular interest to Biotech Companies is technology, which can efficiently target the genetic causes of niche diseases and develop innovative drug solutions.

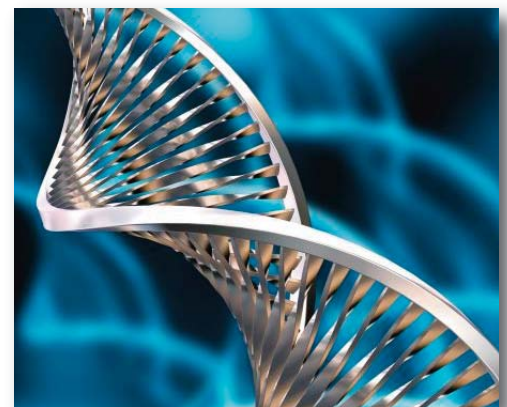
Strategic Initiatives for Adapting to Sales Trends

Companies calling on Biotechnology Prospects and Clients may benefit by strategically evaluating their business models, performance objectives, and incentives as a strategy to gain a sustainable long-term approach to value creation and to capitalize on macro-trends driving the industry.

- ▶▶ **Calibrating Sales Processes.** While companies have traditionally defined sales success in purely quantitative ways (e.g., percentage of market share), in an effort to differentiate themselves competitively, innovative Sales Organizations serving the Biotechnology Industry are looking internally at ways to shift their sales processes from bottom-of-the-funnel-opportunity-level focus to a top-of-the-funnel, longer-term relationship-focused approach to selling. Sales Leaders who champion this shift know that quality relationships enable Salespeople to proactively initiate opportunities once they fully understand client needs, rather than respond reactively to opportunities which are then often most susceptible to competitive pressures.

- ▶▶ **Adjusting Metrics Rewards for High-quality Prospect/Client Touch Points.** Recent sales research shows that each sales opportunity is taking longer to close than ever before. This shift requires high-quality client interactions at every available touch point, a practice that reaches its maximum effectiveness when it is embedded into the workstream. Therefore, organizations may need to rethink how their Salespeople are measured and incentivized, as they make contributions toward building a culture that supports high-quality prospect/client touch points to close on opportunities.

- ▶▶ **Increased Investment in Sales Skills Development.** Several large organizations that call on the Biotechnology Industry are taking the approach that the quality of their Salespeople's ability to engage in robust dialogues with Biotechnology Professionals is especially critical in building and sustaining relationships that will create opportunities to align products/services with industry trends. Therefore, leadership in these organizations is proactively increasing their investment in initiatives that develop and support the selling skills of their Salespeople, as they see this as an opportunity to gain a competitive advantage and differentiate themselves on both sales and service. Specific initiatives include:
 - **Strengthening** consultative selling processes and models that support industry trends and the demand for a strategic, relationship-oriented approach to selling
 - **Holding** Salespeople, Teams, and Managers accountable for results through coaching to change and maximizing resources to achieve revenue goals
 - **Integrating** skill-building activities to develop customized value propositions with the breadth and depth of program-specific training that Salespeople need to succeed – know the product/service, how it aligns with industry trends and Biotechnology Professionals' needs, and know how to sell it
 - **Focusing** marketing and promotional resources on a value-add message (instead of a product push or purely a clinical data message) in order to quickly drive Biotechnology Professionals' decisions
 - **Transforming** training by leveraging the best technologies to blend work with learning and bring support tools directly into the Salesperson's daily workflow - learning and working become two sides of the same "coin"



This **SHIFT** approach to skill development is being driven by Leadership's adjustment to the external sales trends affecting the industry and requires best-practice "know how" in order to maximize the return on this investment.

2009 Best Practices for Skill Development

As a result of analyzing data from several organizations focused on selling to the Biotechnology Industry, Richardson has been able to identify the following best practices, which represent the most pressing areas for skill development. The Biotechnology-focused Organizations that have invested in these areas of skill development to-date have reported that their Salespeople are better equipped to meet strategic objectives amidst the growing and evolving Biotechnology Industry.

Relationship-focused Selling

As companies prepare to place an even greater emphasis on engaging with Biotechnology Professionals and leveraging their knowledge of industry trends as part of the sales dialogue, the need to adapt sales processes and models to support that shift is critical.

To achieve success, Salespeople will need to learn how to live and breathe a relationship-focused selling culture, which is driven by efforts to understand Biotechnology Professionals' needs and position solutions directly to those needs, particularly around R&D efficiency and cost containment. True relationship-focused selling involves becoming a trusted advisor knowledgeable in the factors that are shaping Biotechnology compared to simply being a product provider, whose value is limited to the features and benefits of a product or service. Becoming a true "partner" to the Biotechnology Professional involves a broad and deep understanding of the prospect or customer's current situation – if on the business side, it may be understanding its operations, vulnerabilities, consistent and evolving needs, as well as the time and effort to provide value-added advice on a continual basis. If it is on the scientific side, then the focus is on short-term and long-term R&D objectives, evolving needs, and opportunities to add value to the development process.

Leading a Need Dialogue

Delivering a fairly generic overview of a product's or service's benefits – often grounded in solid clinical data – has been the way that most Salespeople have approached selling to Biotechnology Companies.

However, recent industry trends have made decision making around products and services markedly more complex. Today's Biotechnology Professionals are not only asking the question of whether a product or service will perform in a laboratory setting, but also if it addresses other concerns, such as cost containment and providing greater efficiencies throughout the development, testing, and distribution processes. By building strong questioning skills and making it a standard sales practice to engage each Biotechnology Professional in a Need Dialogue, the Salesperson will be able to generate more dialogue opportunities during which

he/she learns about a broad range of needs. This kind of dialogue creates relationship momentum and positions the Salesperson as a knowledgeable trusted advisor so that when opportunities arise, he/she is in a position to fully capitalize.

Gaining Decision-maker Commitment

When surveyed, Salespeople have a wide range of skills and comfort surrounding the process of gaining the Biotechnology Professional's commitment to move forward with the proposed solution. However, within a dynamically growing environment, the need to refocus efforts and deploy a relationship-focused approach – setting a measurable closing objective and actively closing on all opportunities – will be paramount to reaching revenue goals.



Therefore, in consideration of the direct effect closing efforts have on revenue, several Sales Leaders in national Biotechnology-focused Organizations are trending toward placing a renewed focus on sharpening the ability of their Salespeople to confidently obtain Decision-Maker commitment, follow up, and maintain momentum between interactions as a way to spot additional opportunities, work through obstacles, and strengthen the relationship overall.

Coaching to Change

As Biotechnology-focused Organizations aim to re-engineer their approach and sales processes to effectively confront new challenges, equipping and motivating Salespeople will be a critical element of success.

Furthermore, Management will need to sharpen their sales coaching skills to ensure that behavior change is adopted to improve team and individual effectiveness. By doing so, Managers will be better able to improve performance and achieve revenue growth, strengthen relationships with their Salespeople, accelerate learning, and help Salespeople become responsible for their own development. A specific emphasis may also be placed on the varying elements surrounding in-the-action coaching to help shape behavior change “just in time.”

Richardson Total Solution for Organizations that Sell to the Biotechnology Industry

Richardson has worked with several leading Biotechnology-focused Organizations to provide a comprehensive, total sales training solution for Salespeople and Management to support these emerging trends and those strategic initiatives that will most effectively position them to reach their maximum success amidst the global boom of Biotechnology.

Some critical elements of an integrated training strategy include:

- ✓ Flexible, On-Demand eLearning Courses
- ✓ Benchmarking Diagnostic Tools
- ✓ Cost-effective Webinars
- ✓ Practical Performance Support Tools
- ✓ Convenient, Affordable Sales Resources
- ✓ Video-On-Demand Training (VoDs)
- ✓ Dynamic, Highly-Customized Classroom Training
- ✓ Coaching Practices to Effect Behavior and Culture Changes

Richardson's Global Performance Solutions Team of highly-skilled Relationship Managers, Senior Training Designers, and Senior Global Trainers can work with your organization to assess and evaluate your current and future needs and design a customized training strategy to suit your learning and development initiatives.

About Richardson

Richardson develops customized and comprehensive sales training and performance improvement solutions for sales, sales management, and customer service professionals, which integrate with an organization's business strategy, sales challenges, and overall vision to improve sales skills, increase performance, and drive results. The company's 30-year dedication to changing the behaviors of sales professionals and innovation has made Richardson one of the largest global sales training and performance improvement providers today. Clients around the world choose Richardson for their "go beyond" approach and broad platform of customizable sales training and technology solutions, which is why they deliver a comprehensive, end-to-end training platform that includes: online diagnostics, fully customized live and online training programs, continuous coaching processes, reinforcement tools and techniques, and performance support applications. Richardson continues to be on the front line of sales training innovation in the development of leading-edge solutions that help clients generate revenue faster and more cost-effective than ever before.

Visit Richardson's website at www.richardson.com for more information on how Richardson can help your Sales Representatives reach their sales objectives.