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'Walking the talk' in patient-centric pharma



What it will take to make a radically new business model work

Life Sciences Practice

‘Walking the talk’ in patient-centric pharma

What it will take to make a radically new business model work

As governments, payers, and healthcare providers rapidly move toward a health system that focuses on outcomes rather than products and services, pharmaceutical companies are feeling their way toward a new business model: patient-centricity. This shift of emphasis from products to patients represents a radical departure for the pharma industry, upending a half-century-old business model based on blockbuster drugs, incremental innovation, and physician preferences.

Continuing pressure on the old model and the business benefits of adopting the new model will accelerate the drive toward patient-centricity, but new strategies and new organizational structures will not be enough. Top leaders will not only have to develop innovative patient-centered models, they will also need to achieve enterprise-wide culture change and introduce the new leadership competencies patient-centricity requires.

Today’s increasing emphasis on patient outcomes is being driven by a confluence of powerful forces: Aging populations and increases in chronic diseases have put new strains on healthcare systems. Policy makers and payers seek to control costs by requiring evidence of value and comparative effectiveness, compelling healthcare providers to focus on patient impact. At the same time, the technology-driven ability to leverage health data is enabling providers to make better and faster diagnoses as well as more informed treatment decisions. Consumers, too, are playing a major role in this revolution. They now arrive in physicians’ offices armed with information, and their insistence on taking a more active role in their treatment is transforming healthcare from a provider-dominated marketplace to a consumer-centered system.

To provide the kind of value increasingly being required by governments, payers, and patients, pharmaceutical companies will need to genuinely commit to putting the patient at the center. “Patient-centric” cannot simply be a marketing buzzword. Pharma companies must walk the talk – or else risk reputational damage.

Nor should patient-centricity be confused with patient engagement and its emphasis on patient compliance. Genuine patient-centricity means understanding the patient’s experience of his or her condition – what the individual patient values and needs and what is most likely to result in a positive healthcare outcome in that context. The insights gained by listening to the voice of the patient can be applied at every stage of a pharma company’s efforts, from drug discovery to winning regulatory approval to post-market disease management. As a result, the company will be able to bring drugs to market that better reflect patient needs (and may increase reimbursement and price, as well as prescribed volume for precisely that reason), better align with the reward-for-outcomes that governments and payers insist upon, and help patients and providers achieve better outcomes.

Making the transition will be far from easy, requiring concurrent changes in strategy, structure, and culture. Of these three, culture change is likely to present the greatest challenge to pharmaceutical companies. In the absence of culture change, new strategies and structures are unlikely to achieve the transformation at the requisite speed. Further, the shift from a product-driven approach to a patient-centric approach requires deep and lasting change in the habits, attitudes, beliefs, values and all of the other assumptions that collectively add up to “the way we do things around here.” Because pharma’s traditional business model has been successful for decades and in place for so long, the culture associated with it is deeply entrenched and particularly resistant to such sweeping change. Moreover, cultural transformation must be pursued on three levels concurrently: the personal, the team, and the organizational. It is a daunting challenge. To meet that cultural challenge, companies can start by taking care to do these three things as they develop patient-centered strategies and the requisite organizational structures:

- Build culture change into business model innovation.
- Lead culture change from the top.
- Understand the competencies required of patient-centric leaders.

By adhering to these principles a company can achieve the culture change that is essential for success, not only enabling the entire organization to walk the talk of patient-centricity but equipping it to do so for the long term.

“There is a real desire within industry to do what is in the best interests of patients, by shifting the relationship away from the historically ‘paternalistic’ focus on patient education and compliance.”

Lode Dewulf, MD
Chief Patient Affairs Officer, UCB



Building culture change into business model innovation

A number of pharmaceutical companies have taken tentative steps toward patient-centricity. A few have made great strides. Denmark-based LEO Pharma operates in more than 100 countries and focuses on dermatologic and thrombotic conditions. LEO is hastening its transformation to patient-centricity by experimenting and testing multiple new business models across the organization in such areas as patient services, payer engagement, pharmacy engagement, and more. The aim is to leverage the company's understanding of patients and engage them to "co-create" care solutions and future business models. Similarly, UCB, the Belgium-based multinational specializing in treatment for severe disorders of the immune and central nervous systems, has put patient-centricity at the heart of its values and has appointed a Chief Patient Affairs Officer to accelerate the transformation.

New business models, with their accompanying value propositions, organizational structures, and profit formulas will of course differ from company to company – there is no one-size-fits-all. However, the changing healthcare landscape does suggest that new business models will have to accommodate some common themes.

A shift from brand to disease

Payers, providers, and patients focus on disease areas, not brands. Pharma companies of course often specialize in one or more therapeutic areas, but scientific concentration on branded drugs for such areas is a much narrower focus than holistic treatment of a condition, especially if it is chronic.

New partnerships

To be a valuable part of the holistic delivery of treatment, pharma companies will have to find new ways of collaborating with payers, providers, and patients. For example, the wealth of data that pharma companies accumulate about patient populations could be brought

to bear in cooperation with caregivers to add value in previously unimagined ways. In fact, the global healthcare system in 2012 saw some \$7B in health IT investment. Further, pharma companies will need to partner with newcomers in the healthcare market, such as IT, food and technology companies.

New reward structures

As the criterion of success becomes optimal patient outcomes, pharma companies will need to forge workable reward structures for their role in achieving those results.

Those common themes suggest dramatically different ways of doing things – whatever the specifics of a particular patient-centric business model. The company will need to build new capabilities, change customer-facing roles, and alter the structure of the organization. These changes in strategy and structure, if they are to succeed and to be sustainable, must be accompanied by culture change – a conscious, enterprise-wide effort to instill a shared focus on the patient.

Further, the ultimate intent of a new business model is to disrupt and eventually supplant the existing business model. As Clayton Christensen, author of *The Innovator's Dilemma* and other groundbreaking work on "disruptive innovation," has observed, such transformations are particularly difficult for large, well established companies. As a company makes the transition to the new model, it must continue to execute on the existing product-based model, allocating resources for both efforts simultaneously and gradually shifting the center of gravity over time. Often, however, the new model is overwhelmed by the sheer cultural inertia of the old ways of doing things, especially in the early days when the new model has not yet produced tangible financial results. Culture change can happen by design or by default – and the default will usually be to the old culture, resulting in a failure to deliver on the new value proposition and subversion of the new organizational structure.

Driving culture change from the top

The change starts from the top, with the CEO assuming the role of a de facto 'Chief Experience Officer' to drive innovation and transformation, while continuing to execute on current business imperatives and preserving what is relevant from the existing business model. To keep the balance from tipping back in favor of the existing model, the CEO can organize patient-centric leadership to drive the agenda through the entire value chain, transcending traditional boundaries of R&D, Regulatory Affairs, Sales & Marketing, and Payer and Provider and enlarging the outlook of the people within those old boundaries. For example, given the broader definition of stakeholders to include patients, providers, payers, and governments, Sales & Marketing will need to how it allocates its resources, targets "customers," and incents its personnel. Similarly, R&D will need to think beyond the molecule to the vastly greater possibilities that a patient-centric approach opens up.

Patient-centric leadership could consist of a Chief Patient Officer (CPO) or the like, or a group of leaders – a kind of "P-suite" to stand outside of the commercial function and drive culture change by sending a unified message on behalf of the patient/consumer rather than a diluted and conflicted message restricted by capabilities, domain and capital (fig 1). But regardless of how this leadership is structured, it will need to do four things if it is to successfully create a culture that enables new strategic, operating, and organizational models to flourish:

- Provide purposeful leadership that models the culture from the top down.
- Change the collective culture by creating genuine individual change.
- Build pace, momentum, and engagement across the whole organization.
- Ensure sustainability of the new culture by aligning practices and policies with the desired change.

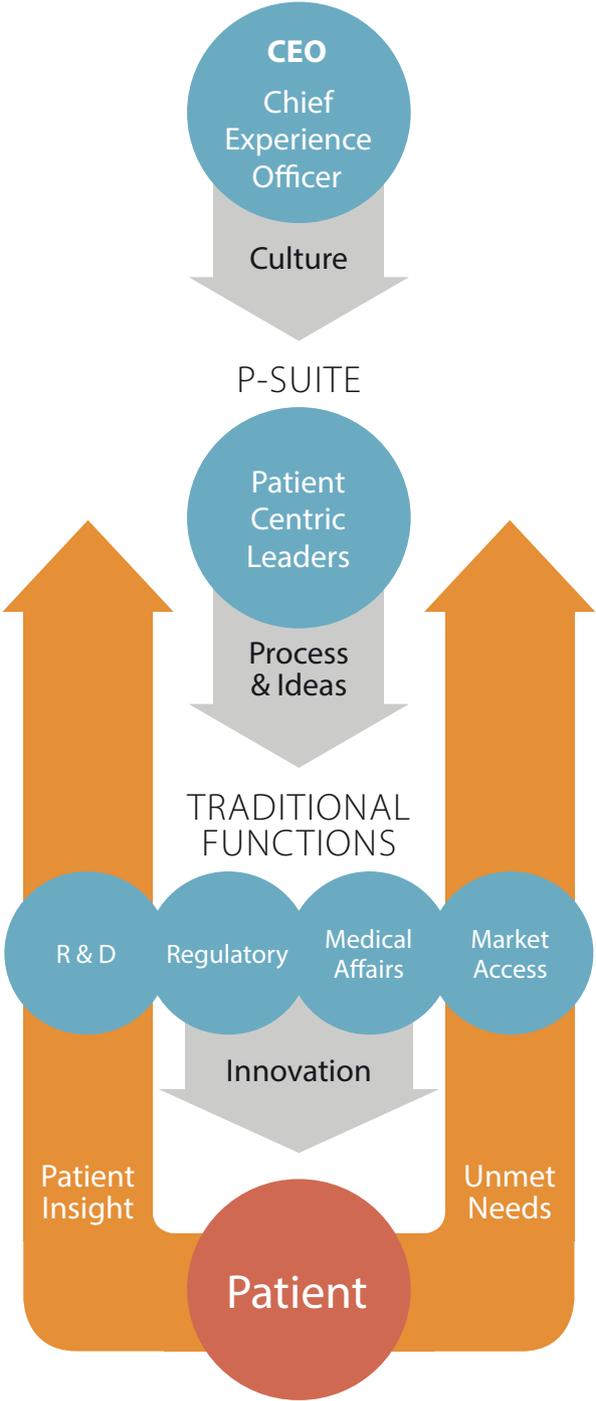


figure 1
Patient-centric leadership

First, people watch what their leaders do and emulate them. Individually and collectively, leaders, through all of their actions, become role models for change – or not. And that includes not just the leaders in the C-suite or the “P-suite” but the top leaders throughout the organization. If the leaders do not personally own the change, nobody will. Further, employees are increasingly motivated by the mission of the companies for which they work. Leaders who genuinely live the credo of patient-centricity can significantly increase employee engagement, which is widely known to drive productivity.

Second, culture in its essence is composed of individuals and their fundamental assumptions and beliefs. If a new culture is to take deep root and endure, each of those individuals – from the leader through all levels of the organization – must embrace it. Genuine and lasting personal change occurs only when people powerfully experience different ways of doing things and succeed at them. In our work on culture change with leading companies, we have found that the most effective way to make a lasting impression on individuals about the value of the desired personal changes is by providing them with insights as to why the change is beneficial. Through focused engagement and personal and team coaching, individuals who have been driven by narrow customer-focused goals and metrics can personally experience the more holistic perspective that patient-centricity requires. Unless change occurs at this deep and individual level, the new business model is unlikely to take root in the organization.

Third, unless the organization can achieve a brisk pace, build momentum for change, and keep all employees engaged, it will remain stuck in its old ways or revert to them when the effort wanes. Everyone, enterprise-wide, must be continually engaged in a way that helps them shift their personal assumptions and align to a new way forward in terms of behavior, action, and results.

Fourth, to sustain change and create a culture that traverses all of the institution’s boundaries, you must align many factors: institutional practices, systems, performance drivers, communications, and capabilities needed to drive towards the desired culture. Governance structures will need changing, as will decision-making processes. The same is true for daily rituals, such as meetings, team-based decision-making, and measurement. Further, the organization should examine customer/consumer and supplier/partner touchpoints and, if necessary, adapt them to make the change real.

The degree to which each of these four principles is put into practice determines the degree to which the effort will succeed. Omit any one of them – or apply them half-heartedly – and frustration and reversion to the old ways are likely to follow. Get them right and the conditions for a newly competitive, genuinely patient-centric organization can emerge.

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CASE STUDY: UCB

Parkinson's Disease More than shaking



In 1817 an English doctor, James Parkinson, published his essay reporting six cases of paralysis agitans. His “Essay on the Shaking Palsy” described the characteristic resting tremor, abnormal posture and gait, paralysis and diminished muscle strength, and the way that the disease, which was later named after him, progresses over time.

Almost two centuries later, most people, including those working in health care still think of Parkinson's Disease as primarily affecting the motor system, with shaking and disturbed movement being the main issues. For clinicians this conclusion is rather logical, since the motor disturbances are what really stand out during the brief and infrequent doctor visits. No wonder thus that (improvement of) motor symptoms have been the (only) standard used and reported in clinical studies and thus also for the development and approval of new medicines.

But when UCB started to listen much more deeply to the stories that are told by people actually living with Parkinson's (and this includes both those having the disease as well as those caring for and living with the patient) a common theme soon emerged: the motor symptoms of Parkinson's are not the hardest part of living with the disease. Direct observations throughout the day and night of people living with Parkinson's confirmed that not only are there many non-motor symptoms, but these are both frequent and important. Unfortunately, these non-motor symptoms were seldom discussed, let alone measured, during routine clinical care, and they seemed to play little to no role in therapeutic and regulatory decision making.

Thus, the insights gained from our deep listening to patients revealed an important gap in the current understanding, assessment and management of Parkinson's Disease (PD). We clearly needed a disruptive intervention to raise general awareness of and attention for the non-motor dimension of the disease.

Over the following (many) months, UCB continued to work with many patients to develop an easy assessment tool aimed at more adequately describing how someone living with PD is actually doing at a given moment in time. With the help of many patients and in partnership with the European Parkinson's Disease Association (EPDA) this resulted in the development and validation of the Parkinson's Well-Being Map™ a patient-centric and patient friendly self-assessment tool.

The tool is available for free on-line and can be used in both paper and electronic format. It helps enable a much better and more helpful discussion between patient and physician and also to track the fluctuating disease as well as the effect of different therapeutic options.

[www.epda.eu.com/en/parkinsons/
life-with-parkinsons/part-3/
the-parkinsons-well-being-map](http://www.epda.eu.com/en/parkinsons/life-with-parkinsons/part-3/the-parkinsons-well-being-map)

The tool has become a frequently used and well respected aid in the management of Parkinson's Disease. Importantly, the tool is also changing the perception of the disease itself by all stakeholders (patients, carers, researchers, regulators, payers), and this opens up new avenues for assessing and developing improved therapies. As such, this tool, built upon patient insights provides a new solution to help improve the lives of people living with Parkinson's Disease.

Understanding the competencies required of patient-centric leaders

The patient-centric leadership structure may vary depending on the organization. In some cases, the CEO may be the principal driver of the effort. In other companies, the best solution may lie in the appointment of a Chief Patient Officer – a single top executive charged with promoting and developing patient-centricity. Other organizations may create “P-suite” that seeks to make a difference in the way things are done in each function. Still other organizations make expect patient-centricity part of the requirements for any leadership role. But regardless of the title these patient-centric leaders wear, they will need some specific competencies in five critical areas (fig 2).

Relating to External Stakeholders

Patients constitute the largest group of those external stakeholders. Leaders must understand how patients see the company and carefully consider how the company interacts with them. Most importantly, patient-centric leaders must fully understand patient needs and be able to articulate those needs clearly and persuasively to the organization and be able to form partnerships with payers and care providers to drive better patient outcomes.

Strategic thinking

Though patient-centric leaders might not be their companies’ chief strategists, they should be able to refine development and commercialization strategies in ways that deliver greater demonstrable value to patients. They will invest in understanding customers and their preferences, desires, and cultural attitudes in order to help design tailored products, services, and education strategies that genuinely differentiate the company from competitors. And they will continually make the patient’s experience a part of ongoing business reviews and strategy discussions.

Driving Decision-Making

Recognizing that success requires recognizing how decision-making has changed in healthcare, and who is making those decisions, patient-centric leaders will see that patient well-being drives internal decision-making as well.

Monitoring Execution

Leaders will keep the key performance indicators of a positive, compassionate patient experience front and center in monitoring and measuring execution and make sure that “soft” data isn’t crowded out by narrow financial criteria. To continually improve execution, they will dedicate and develop resources – from analysts that look specifically at satisfaction and experience data trends to social media experts who can help enhance the patient experience. Meanwhile, in-depth analysis of the economics of patient loyalty will enable everyone in the organization to understand the payoffs that investments in patient-centricity generate.

Facilitating Culture Change

As change agents for patient-centricity, leaders should be able to help diagnose the current culture and define a direction to a new one that is infused with a passion for patient care. They must be adept at breaking down organizational silos that are barriers to patient care – especially where people are clear about their own roles but not about overlapping and ambiguous territories. And they must be able to help other leaders infuse the patient perspective in their teams.

figure 2

Evaluating for Patient-Centric Leaders

CRITICAL COMPETENCIES

Facilitating culture change

Relating to external stakeholders

Strategic thinking

Driving decision making

Monitoring execution

LEADERSHIP ATTRIBUTES FOR PATIENT-CENTRIC LEADERS

Business Skills / Knowledge

- Develops a compelling patient engagement and advocacy vision and strategy
- Demonstrates a clear understanding of market-place dynamics and how broad trends shape the future
- Diversity of experience across grass-root healthcare
- In-depth understanding of entire healthcare value chain, and divisions, commercial as well as scientific
- Works to translate patient priorities into specific deliverables



Personal Attributes

- Pioneer, entrepreneurial
- Intelligent – smart, quick and analytical
- Resilient, persistent
- Strong mentor
- Enthusiastic, self-motivating
- Facilitates change / ideas / creativity
- Can lead from front and back
- Empathetic, curious, adventurous



Influencing Skills

- Conveys ideas persuasively and gains support for ideas and initiatives
- Identifies, negotiates, and reconciles issues effectively
- Operationally nimble, building strong and resilient relationships
- Can 'connect the dots' – looks and sees, hears and listens
- Engages in regular dialogue with key constituencies
- Influences others without direct authority
- Challenges status quo

Success in these diverse activities requires a demanding combination of business skills, personal attributes, and influencing abilities. In business skills, leaders must balance a deep commercial acumen and experience with clinical sensitivity in order to help devise novel ways to deliver value. Desirable personal attributes include an entrepreneurial streak, resilience, enthusiasm, and the ability to lead effectively. Influencing and communication skills are particularly critical for a leader who has no authority over execution and is trying to help take the entire organization in a new direction against powerful cultural currents.

Identifying or securing leaders who possess all of the requisite skills and attributes is not easy, especially since few precedents for such roles exist in the industry. To this challenge Heidrick & Struggles brings unparalleled capabilities in identifying the requisite leadership competencies and assessing talent. In our experience solving senior executive leadership issues for leading pharmaceutical companies, we have found that this careful assessment of internal candidates, comprehensive scanning of the external talent market, and a deeply consultative approach to the challenge can ensure that the best candidate for a demanding role emerges. Further, our experience with well-designed talent management

programs – including recruitment, promotion, retention, and rewards – institutionalize the qualities of leadership required to thrive in a new business model, offer people opportunities to develop those attributes, and create a full pipeline of executives ready to take the company forward.

Similarly with culture change: proven culture-shaping methodology that engages people and measurably impacts both the spirit and performance of organizations can both hasten transformation and make it sustainable. For more than 35 years, Senn Delaney, now a Heidrick & Struggles company, has been helping companies shape culture to support new strategies and align their organization around new values and guiding behaviors. Together, Heidrick & Struggles and Senn Delaney, collaborating deeply with clients, can deliver the mutually reinforcing advantages of comprehensive culture change and superior talent management that pharmaceutical companies will need on the journey to patient-centricity.

Although that journey may be challenging, companies that undertake it sooner rather than later will find themselves not only with more viable futures but also with unanticipated benefits such as greater agility, reinvigorated people, and increased scientific robustness. And organizations that undertake the journey in the company of experts who have been over the ground many times before are likely to get there much faster, differentiate themselves more decisively, and have far greater impact on the chief measure of value today: patient outcomes. ■

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Global Life Sciences Practice

The global Life Sciences Practice encompasses medical devices, diagnostics, pharmaceuticals and biotechnology. Each of these business sectors is intellectual property-intensive, with rigorous regulatory and reimbursement oversight.

Our clients operate in dual spheres – science and business – and we have shaped our leadership services around common challenges facing these segments. Industry specialists are located in all major markets worldwide, and possess first-hand knowledge of the criteria for effective leadership in the life sciences industry: innovation, a deep understanding of science and the ability to manage complex projects while maintaining a competitive edge.

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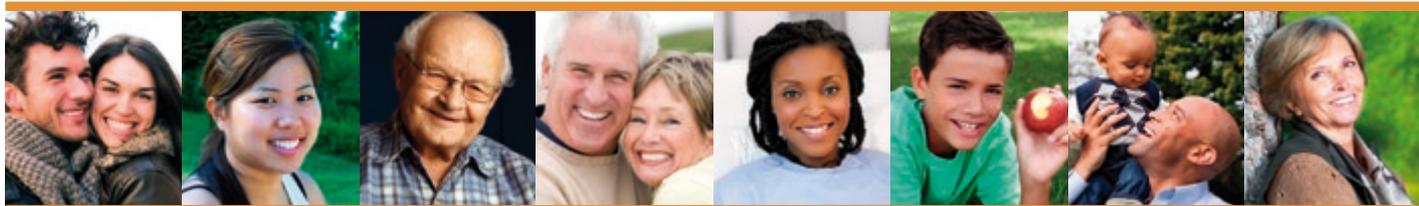
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Senn Delaney, a Heidrick & Struggles company, is widely recognized as the leading international authority and successful practitioner of culture shaping that enhances the spirit and performance of organizations. Founded in 1978, Senn Delaney was the first firm in the world to focus exclusively on transforming cultures. More Fortune 500 and Global 1000 CEOs have chosen Senn Delaney as their trusted partner to guide their cultural transformation. Senn Delaney's passion and singular focus on culture has resulted in a comprehensive and proven culture-shaping methodology that engages people and measurably impacts both the spirit and performance of organizations.

60 YEARS IN LEADERSHIP

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