Customer-Centric Measurement of Pharmaceutical Sales Representative Performance

A Special Report by J.D. Power and Associates

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Voice of the Customer

Pharmaceutical sales representatives may risk becoming so product-focused that they fail to understand or respond to the ever-changing service needs of their customers. Whether it is direct-to-physician encounters or sales to institutional and managed markets, the "pharma rep" is at risk of being seen as adding limited value to critically important stakeholders. Listening to the Voice of the Customer is essential for addressing this predicament. This article outlines practical guidelines for establishing programs to measure sales representative effectiveness in satisfying customer needs.

Pharmaceutical sales representatives may risk becoming so product-focused that they fail to understand or respond to the ever-changing service needs of their customers.

Whether the customer is a physician, office manager, payer, or an institution, it is important to know what matters to them. Understanding the needs of these stakeholders is essential in building interactions around them, rather than products. Voice of Customer (VOC) programs are used across industry sectors, and are especially relevant as pharmaceutical companies strive to become more customer-centric organizations. These programs may improve customer retention, optimize sales rep performance, and help drive corporate strategies that are responsive to customer needs.

In this article, J.D. Power and Associates provides practical recommendations that pharmaceutical sales leadership (and others throughout the organization) may use to establish programs for measuring VOC. These recommendations are based on the company's 40-plus years of experience helping companies achieve greater profitability and shareholder value by measuring, analyzing, and using customer insights to improve organizational performance. The recommendations have proven successful across numerous industries, including healthcare, automotive, financial services, and energy.

Getting Started: Goal Setting and VOC Program Design

All successful VOC programs must begin with a clear business goal in sight. Prior to thinking about how to measure customer perceptions of your company's sales reps, ask three key questions:

- What are the specific short- and long-term business objectives for the brand and for the company?
- What can be learned from customers that may help achieve these objectives?
- How will the VOC information be used, and by whom in the organization?

Starting with these key questions allows you to think more broadly about what you want to achieve, rather than simply focusing on what questions to ask customers. To be effective at driving better business outcomes, the information being gathered should align with corporate strategy. Therefore, a clearly articulated corporate vision must precede establishment of a VOC program, one that highlights the importance of understanding what is critical to customers and the responsibilities that sales reps should fulfill in achieving its objectives. Absent this foundation, it may be more difficult to justify the time and resources taken to measure VOC.

Optimizing Response Rates

VOC programs in the pharmaceutical industry may be especially challenged in achieving adequate response rates. As honorarium payments have become customary in many forms of market research, target respondents may be conditioned to expect payment for the time taken to complete any survey.

It cannot be assumed that customers will see any greater reason to complete a VOC survey if the name of the pharmaceutical company is identified. Physicians are accustomed to market research where the sponsoring company is blinded. Therefore, it may remain necessary to rely on honorarium payments in order to achieve desired response rates. One advantage of not showing the company identity is that it can become more feasible to also gather competitive comparisons.

In thinking about what VOC information to compile, it is important to also leverage other customer data from across the organization. Tying survey responses together with operational, product, and profitability data may help make the findings more actionable, as well as provide a way to demonstrate the true business impact of providing a better customer experience. Before getting started, decide how the knowledge you will gain about customer experiences can be put to use.

- How might the survey data link to the critical data sources you already have at hand, such as practice product share or prescribing trends?
- Will you be able to incorporate the results into coaching interventions at the individual or regional level? Do the results need to be distinguished by channel, such as institutional sales vs. direct-to-physician?
- As customer communications become more of a two-way street, some of the information coming back may be negative. How might these instances be used as opportunities for service recovery?

Knowing What to Ask: Questionnaire Design

A thoughtfully designed survey questionnaire is a powerful tool for listening to customers. While qualitative interviews may suggest actions to take, they fall short of providing objective results for tracking changes over time. A comprehensive survey doesn't mean a lengthy survey—there can be great value in brevity. Shorter surveys keep respondents engaged, yield higher response rates, and cost less to execute, while still enabling you to focus on a manageable set of results. Avoid questions that are very similar, as these items will be too highly intercorrelated and fail to produce incremental knowledge.

When designing the questionnaire, remember that time is a precious resource for customers. Approach the design by identifying which questions are essential, as well as those that would be valuable versus those that would be "nice to have." Focus on developing the shortest and most useful set of questions.

The important elements in the customer experience may vary by channel, so the questions asked should reflect this. The following are areas worth considering:

- It's important to rate the person who directly faces customers, such as the sales representative.
- Further questions should provide ratings of what occurred within the sales encounter, measuring how the transaction occurred, not just evaluating the rep with whom the customer spoke.
- Sensitivity to cost, outcomes, and value are influential in all therapeutic categories. Consider how attention to these concerns is assessed.
- Responsiveness is another important topic, particularly if any problems occurred. Were these addressed in a timely manner?
- Questions about loyalty (e.g., likelihood to switch) or willingness to recommend are often typically included in VOC surveys.

There may be temptations to also ask about brand perceptions, or even corporate reputation. If possible, avoid this distraction, since it may result in an overly long questionnaire. Such topics might be more effectively addressed within dedicated brand equity evaluation programs.

Choosing the Right Tool: Measurement Considerations

Basic knowledge of psychometric theory is essential in developing an effective VOC survey tool. The usefulness of your results may diminish if your survey does not include measurable psychometric qualities, especially validity and reliability.

- **Validity** is the extent to which a questionnaire measures what it is supposed to measure. Predictive validity, or how well the tool can explain or predict desired outcomes, is an especially important type of validity.
- A **reliable** questionnaire consistently yields the same results over repeated interviews when no change has occurred. Reliability is essential to ensure precision in the results.
- Ratings will need to **differentiate** levels of performance between the individuals or groups that are being evaluated. Ratings that are clustered at either the high end or low end of the scale will not help much in making comparisons. If your business goal is to improve satisfaction with sales rep encounters, then obtaining results that show 98% of your respondents provide the highest rating for their sales rep will not help in identifying areas for improvement.
- **Pilot administrations** are a crucial step before using a survey questionnaire within a fully operational VOC program. This should be planned to demonstrate validity, reliability, and an adequate distribution of results.
- **Actionability** of the results is also key. Since the goal is to have the briefest, yet most impactful, set of questions, it is important to focus only on issues that can be acted upon. The survey findings must not only clearly identify strengths and weaknesses, but also identify what steps may be taken to improve the customer experience.

Considering all of these psychometric qualities will help ensure that the survey can provide valuable results.

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Creating Conditions for Honest Disclosure

What is the best time to ask about customer expererience? Transaction-based surveys administered following an actual encounter make it easier to recall the events and behaviors that occurred. This kind of timing may be better suited for service-recovery alerts. Annual or quarterly administrations are conceivably affected by seasonal factors, or "gaming," around the known time that data collection occurs. The cadence of survey administrations may also be driven by reporting needs, such as preceding the time frame when an annual bonus evaluation for sales reps occurs.

Sales representatives may be very sensitive to the evaluation process. Within the automotive sector, in particular, customers sometimes encounter overt pressure to convey favorable ratings on VOC questionnaires that are administered after sales or service visits. This persuasion may produce biased findings. The influence may occur in subtle ways, and it is advisable to take precautions that the administration process is confidential and is not proctored by the employee or manager being evaluated.

Making It Happen: Measurement and Administration

One of the most important decisions involves choosing a data collection mode.

A variety of corporate functions are potentially affected by VOC results. Developing a measurement program requires multiple perspectives, including from sales, operations, marketing, and, potentially, human resources. Sample planning is an example. Most products are marketed through a variety of channels, ranging from managed markets to traditional physician detailing. Sales organizations could be organized by PCP or specialist targets, by product indication, or other classifications. Questions that should be asked include:

- Who are the customers to be interviewed?
- Will there be enough respondents across business units, regions, or level of sales reps?
- How will the performance of an institutional sales manager with a few large accounts be compared with the performance of field reps who may see many more customers?
- What reason exists for customers to offer their opinion?

Each of these questions, as well as others, will need to be answered in relation to the composition of sales roles for specific products. It is important to know how many surveys are needed to achieve interpretable results. Making judgments on fewer than 30-50 completions is generally unwise and may lead to poor decisions.

One of the most important decisions involves choosing a data collection mode. Mobile technologies are especially attractive, yet there are practical considerations that involve balancing overall cost, the speed of return, and amount of information needed. If mixed survey methods are used (for example, combining mail and online), be prepared for data integration challenges. Differing administration methods may produce score variations that need to be evaluated and potentially adjusted. Further guidance may be needed to combine results gathered from different data collection modes.

Creating an Impact: Reporting and Analysis

The same strategic goals that are built into the VOC program design are pertinent when deciding how the results will be reported and who will receive them. Reports need to identify actions necessary to improve customer satisfaction—sometimes expressed as Key Performance Indicators (KPIs, see inset). Information should flow to the right people in the organization and at the right time. End-users who will merely evaluate the results for benchmarking purposes will require a different report than managers who are responsible for employee performance evaluations. Reporting hierarchies should be configured to control the amounts and types of information necessary for specific business decisions. For example, sales organizations are likely to be leading consumers of VOC findings. However, when results could be used to drive compensation, internal finance or human resources representatives need to be prominently involved. Additionally, competitive benchmarking data might be important for brand teams and strategic planning.

A single scorecard is not necessary. Managers may prefer to view findings in aggregate across units, while territory leadership may prefer regional views. Centralized reporting platforms make it possible to generate highly customized scorecards. If employee rankings will be reported, they should be based on sample sizes of at least 100 survey completions per ranked entity.

Analyses must tie results back to corporate strategic goals, or to specific, measurable financial outcomes such as higher prescription volumes, improved share, and better brand performance. It's important to demonstrate explicit links between customer satisfaction and business outcomes, such as share of prescribing or resistance toward switching. This is where a clear line from the VOC survey content to strategic business outcomes is essential.

VOC programs should work as powerful business tools, not merely as tracking programs that ensure minimum levels of service. Identifying key performance indicators (or KPIs; see sidebar) may make it possible to focus on a specific set of actions that will result in improved customer satisfaction and better perceptions of the brand.

Many companies build VOC findings into compensation programs, which introduces other questions best addressed in a separate article. Some combination of individual and collective achievements could be measured. The results might be used to simply recognize superior performance, or they may become nested within more detailed bonus or incentive schemes. Much care must be taken in designing the survey instrument for these situations, because it also potentially becomes part of a human resources performance management system. Evidence of psychometric integrity is particularly important if the VOC survey results could be used in ratings of individual employees.

What are Key Performance Indicators (KPIs)?

KPIs are individual diagnostic items in customer satisfaction surveys developed by J.D. Power and Associates that pinpoint areas that have the most significant relationship with customers' overall satisfaction ratings. These represent areas that can be directly controlled, and which go beyond overall satisfaction scores in actionability. The KPI "break point" identifies the point at which satisfaction improves significantly and indicate best practices that companies should consider as a way to improve overall customer satisfaction.

KPIs establish the cause and effect between the objective metrics and the subjective impressions of customers. For example, the duration of a detailing encounter might be associated with how highly a physician rates their experience with a sales representative. If it isn't possible to sustain a minimal duration, satisfaction may significantly decline.

Break points need to be identified from the customer perspective. This information makes it possible for sales managers to focus on the critical behaviors that drive satisfaction and ensure an optimal customer experience.

Conclusion

Traditional sales detailing is becoming more difficult to implement and maintain. As value-based purchasing and the aggregation of smaller practices are making it increasingly important to access key decision-makers, there is an opportunity for pharmaceutical companies to create greater value through more customer-centric approaches. Customer experiences should be systematically quantified so they can be analyzed in support of critical business decisions. A well-conceived VOC program will be grounded within overarching corporate strategic objectives, and prospectively document progress in achieving the kind of experiences that will satisfy customers.

Building a VOC program requires dedicated time commitments from clearly defined internal champions who can take responsibility for design, implementation, and application of the results. Because this may take many months to establish, fresh alternatives need to be considered. It can be challenging to let go of detail aides or a reliance on quick conversations about technical product features. A well-designed VOC program is a crucial way of making sure that pharmaceutical sales representatives are sensitive to the customer experience, rather than only being focused on products and quotas.

Best Practices for Creating VOC Programs
1. Measure the right things, at the right time, and get the resulting information to the right people.
2. Use this information to identify root causes.
3. Leadership must be prepared to show the benefits and link these to what distinguishes your corporate culture.
4. Consider balancing VOC metrics within overall programs that may also include other financial performance measures.
5. Specify actual behaviors that individuals can control. Link these to business outcomes and define the expected thresholds of performance.
6. Survey quality is key.

For more information on designing or implementing programs that ask, watch or listen to customer experiences, please contact:

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