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Pharma Selling:

In conversation with Melvin D'souza, Vice President and General Manager, Novo Nordisk India Pvt Ltd.

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Abstract

The Indian pharmaceutical industry has grown steadily in recent years, as indicated by increase in production, capital creation, and arrival of new players in the market. While the pharmaceutical sector has had a significant impact on the Indian economy, managing it in today's complex environment has become challenging. Changes in the global economy, intensifying competition, and evolving industry policies have posed challenges for the pharma companies.

This article is an excerpt from the interview with Mr. Melvin D'souza, Vice President and General Manager, Novo Nordisk India Pvt Ltd. that explains the current state of the Indian pharmaceutical sector and the sales and distribution challenges faced by its players.

Keywords

Personal Selling, Sales management, Distribution Management, Pharmaceutical Industry.

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Introduction

In the last few years, there has been an increased focus by pharmaceutical companies on their sales and marketing activities. The highly competitive environment, along with the availability of similar competing products has made it challenging for the sales professionals to promote the prescription of their products. Traditionally sales activities have mainly focused on educating physicians and pharmacists about new products and providing the necessary information about usage/ benefits. Besides the usual marketing activities, one of the most effective ways in which pharmaceutical companies have increased prescription of their products has been through adoption of unique selling strategies by their sales force. The pharmaceutical industry, both in India and globally, has had a long history of using personal selling, and there has been a recent sizeable increase in efforts to improve their sales organization and strategy, considering the complex selling environment.

The efficacy of personal selling has been argued to vary according to the different industries, markets and products in question, as well as the various customer types. In pharmaceutical selling, the sales representative provides physicians and pharmacists with the latest information and updates on drugs, and their composition, usage and benefits. The information is crucial for both physicians and pharmacists, since the pharmaceutical industry is a dynamic one. The sales representative receives feedback from the physicians about the drug use, which is passed back to the R&D department of the representative's company. The success of selling in the pharmaceutical sector largely depends on the kind of relationship built with physicians, pharmacists and hospital administrators. In particular, the relationship quality and salesperson's expertise significantly influence physicians' trust and decisions. In this context, our interview aims to identify the significance of personal selling in assisting the decision-making process of physicians, as well as the building of long-term relationships which is crucial for the success of pharmaceutical companies.

The Indian Pharmaceutical Sector

Globally, the pharmaceutical sector has been going through unprecedented disruptions over the last decade. While the sector has shown overall growth in India, the rate of growth has been inconsistent. The large pharmaceutical companies have shown a keen interest in expanding to rural India and along multiple verticals. The pharma sector in India has also undergone significant shifts and innovations.

Companies in this sector have adopted multi-channel sales and marketing models and strategies to maximise the reach of their products. The Indian pharmaceutical industry is different from the global pharmaceutical industry.

According to reports by Klynveld Peat Marwick Goerdeler (KPMG), 2012; Investment Credit Rating Agency, ICRA;2012, India Brand Equity Foundation (IBEF),(2015) and MarketLine (2015), the Indian pharma sector is:

- growing at a rate of more than 10–12 per cent per year, compared to 7 per cent annual growth for the world market;
- expected to expand at a CAGR of 23.9 per cent, and reach US\$55 billion by 2020;
- one of the fastest-growing sectors in the country, accounting for about 1.4 per cent of the global pharmaceutical industry in value terms. Given the disparity between urban and rural India, similar sales strategies would not be successful for both regions;
- subject to increasing pressure to innovate due to a rise in patent expirations, weak pipeline quality and increasing focus by governments to reduce health care costs and
- ranked fifth in the world in terms of attracting foreign direct investment (FDI), with a cumulative flow of US\$11.6 billion from 2000–2014.

In the context of the Indian pharmaceutical sector, business strategies that are appropriate in the Western context may not be suitable. Further, we cannot contend that the Indian pharmaceutical industry has followed the same growth pattern as those of the Western countries many years ago.

With the rise in FDI inflows, there has been an increase in the flow of funds into Indian pharma, and companies are developing their expansion plans.

Novo Nordisk: Company Background

Novo Nordisk (NN) is a leading global provider of diabetes care products. The company has presence in 75 countries and markets its products in more than 180 countries. The company has a significant presence in three therapy areas - diabetes care, haemophilia and growth hormone. A new addition to this list is obesity management. Novo Nordisk is headquartered in Bagsvaerd, Denmark and employs 41,500+ people as of 31 December 2015.

In early 2014, Novo Nordisk launched the 'Cities Changing Diabetes®', a partnership programme to fight urban diabetes.¹ The company's rapid growth and success in India is owing to its quality products, commitment to upholding its values and a strategic approach towards business, which is popularly known as the NN Way, as discussed below.

In recognition of the fact that pharma will become global, Novo Nordisk has a set of guiding principles called Novo Nordisk Way² that underpin every decision the organization makes. It describes who the organization is, how it works and what it wants to achieve, and sets a clear direction for the company and its employees. A commitment is made to each employee and to the millions of patients all over the world who rely on the company's products to lead full and healthy lives.

From the beginning, the founders of Novo Nordisk embarked on a journey to change the state of diabetes; today, thousands of employees across the globe are continuing this journey. The organisation's stated ambition is to strengthen its leadership in diabetes, and discover and develop innovative biological medicines that are accessible to patients throughout the world. Novo Nordisk stresses the importance of balancing financial, social and environmental considerations and to never compromise on quality and business ethics. The company culture instils openness, honesty and treating everyone with respect, always keeping in mind what is best for patients, employees and shareholders.

Personal Selling in the Pharmaceutical Industry

Indian pharmaceutical companies have transitioned from conservative sales models to more innovative approaches. This expansion in recent years has led to an increase in the number of

global brands and products launched. At the same time, the sales force has been expanding significantly to reach all parts of the country. In a bid to increase revenues further, companies have started to engage in better scientific promotion and deployment of new and efficient sales force structures to more target markets.³

Pharmaceutical companies have begun to direct their sales force at physicians who make decisions on the prescription of drugs. Approximately 65 per cent of the total spending of pharmaceutical companies has been on their sales force, which in turn provides the latest information about the drugs and plays a major role in the decisions made by physicians as to whether the drug should be prescribed. With the rapid changes in the industry and new drugs continually being developed, physicians need to be continuously updated about products in the industry.

However, because physicians are under significant pressure, it is impossible for them to keep an update on this by themselves, so salespeople have become an important source of information in this regard. Owing to the important role of the sales representative in the new sales model, it is important for any company to manage its sales force well so that physicians see the information provided as credible and have confidence in prescribing the drugs. Since sales representatives are the company's point of contact with physicians, it is crucial for the organization's success to maintain positive buyer-seller relationships. However, sales representatives face numerous challenges in their day-to-day selling activities.

The Challenges of Pharmaceutical Selling

Pharma has faced significant challenges, especially in recent years when government regulations have begun to add to the pressures of an extremely competitive Indian market. Pharmaceutical selling will experience even greater complexities in the near future. Some of these challenges, and the way forward according to some industry analysts⁴ and reports (Bhangale, 2008), are as follows:

Talent

- Attracting good talent for pharmaceutical selling has been a major concern due to stereotyping and conservative payouts.

- Given the growth of sales jobs in information technology and financial institutions, this profession has been less appealing to the young generation.

Customers

- It takes nearly 6–8 months for a sales representative to familiarize with selling techniques and get strong customer insights, but is under pressure to deliver on-the-job immediately.
- Selling channels and trade can also put tremendous pressure on ‘ethical’ standards.

Technology

- Use of information technology, vis-à-vis, tools such as iPads and tablets are slowly becoming the norm as pharmaceutical sales tools, and enable the capture of real-time data that could give sales representatives, managers and the marketing team much needed insights.
- These tools can also be used to understand prescription preferences and trends.

Human Element

- Personal selling by sales representatives is the core ‘to winning’ in a sales job, and technology can only help as enablers to make the role even more refined and better.
- There is a need for a customer- or patient- centric approach in designing marketing and sales activities.
- Being more responsible towards clients, patients and society.

According to the PWC 19th Annual Global CEO Survey⁴ some major concerns for CEOs related to selling in pharma are:

- Finding people with the right skills: CEOs struggle to find professionals with growth potential.
- Balancing the needs of customers and society: Pressure from customers is a driving force, as is pressure from regulators and governments.
- Investing in innovation: Innovation, in terms of both process and selling approaches, is a top priority.
- Technology: Technological advances will help more than hinder; however, there are concerns that the rate of technological change will have a huge impact on the selling process.
- Integrity: CEOs are taking safety seriously and wish to ensure that the integrity of their representatives is nurtured.

Novo Nordisk: Continuing the Journey

In the interview, Mr Melvin D'souza, Vice President and General Manager, Novo Nordisk India explains the reasons behind the company's phenomenal growth story and also assesses the challenges facing the company and the industry, especially in the sales domain.

During this interaction, Mr D'souza shares insights on Novo Nordisk in continuing its journey of change by leveraging its strong sales force, innovative product range, and focus on ethics and quality to engage with all key stakeholders in India. The pharmaceutical sector is operating in a highly complex and competitive environment and that calls for a deep understanding of the existing health care setup. A good understanding regarding how challenges can be overcome can greatly help others who wish to succeed in this industry.

This interview also touches upon some of the challenges in pharmaceutical selling as detailed above. Through this interview, we hope to generate interest among pharmaceutical companies, as well as sales professionals, to invest in best practices in order to remain profitable and competitive.

In conversation with Mr Melvin D'Souza

Melvin D'souza has a rich experience of over 22 years of the global pharmaceutical industry. He started his career as a senior marketing executive at Novo Nordisk in India in 1995 and progressed through the ranks. He has been responsible for propelling Novo Nordisk to become one of the fastest-growing organizations among the top 10 pharma MNCs in India (IMS MAT March 2016) by spearheading strategic interventions and championing new sales initiatives.

Under his leadership, team Novo Nordisk was instrumental in building a comprehensive plan for the Indian market, with a special focus on delivering care to remotest parts of the country, which in turn enabled them to provide affordable treatment to thousands. He was also involved in forging/forming long-lasting relationships with senior government officials from different state governments. This partnership model has since been adopted by other state governments for improving diabetes care. As the Vice President and General Manager of

Novo Nordisk India Pvt Ltd., he is responsible for the company's strategy and daily operations, as well as nurturing key alliances and business partnerships. Prior to taking over as General Manager of Novo Nordisk in India, he was Director, Sales and Marketing for Novo Nordisk Gulf.

Melvin holds an Executive MBA from ALBA Graduate Business School, Athens, Greece and Masters in Pharmaceutical Marketing Management from Manipal College of Pharmaceutical Sciences, Manipal.

GS/TL: Mr D'souza, thank you for accepting our invitation. Could you please take us through your experience at Novo Nordisk and your key lessons learned?

MD: Thanks a lot. I consider myself fortunate to have begun my career in a customer-facing role despite a postgraduate degree in marketing. This enabled me to get out of my comfort zone and I gave it my best shot every day by utilizing every opportunity given to me.

After starting my career in sales, I was also keen to work in marketing. However, destiny had other plans for me. In late 1990s, I was given an opportunity to work on an innovative, interesting and hitherto unheard-of experiment in the pharmaceutical industry: a direct-to-patient program.

With this project, Novo Nordisk was trying to get a deeper understanding of people with diabetes. The project not only set the bar very high for the organization, but we were also able to pull it off reasonably well. Though the project did not bring in revenue streamlines and was more long term in its outlook, our efforts in its execution earned us due recognition. At a later stage in my career during mainstream marketing, I was able to replicate the best practices from this project.

Over the years, I have learned that people should step out of their comfort zones to grab new opportunities to learn and grow. The Indian pharmaceutical industry is full of such opportunities. You need to be ready to embrace these, work hard and have patience in order to reap the rewards.

GS/TL: How is Novo Nordisk performing?

MD: Novo Nordisk has been in the chronic segment for around 90 years and that too in a single therapy area. To my knowledge, there aren't many examples of major pharma company that has not only survived but also thrived by focusing on a single therapy area. As an organisation, we help people with diabetes manage their disorder better and live a healthy and fulfilling life, free of any diabetes related complications.

We are the market leader in India and have successfully built several segments and product categories, in the two decades. Our business performance has been outstanding, with an average growth of over 20% in the past few years. We are one of the fastest-growing companies when compared to the top 10 MNC pharma companies in India. We have made a positive difference in the lives of millions of people, and that is our inspiration.

GS/TL: Going by the statistics, diabetes has become an epidemic in our country, while the health infrastructure has not grown in the same proportion. How is NN trying to navigate through these inadequacies?

MD: I agree that diabetes in India is threatening to become a health emergency and we cannot keep placing the blame on the system or the government. As an industry, we should be more proactive in finding workable solutions in the short term and enhance the awareness about diabetes by reaching out to the masses, living in remote parts of the country. At the same time, we should also collaborate/partner with the government to help them build the infrastructure over a period. To Novo Nordisk and myself, the end result of having a healthier and a more aware society is more important than who is gaining more.

For the last several years, Novo Nordisk has working towards this outcome. We have partnered with the community workers, with the help of state governments. We have trained the '*aanganwadi*' (grassroots level health worker) workers and local doctors, who in turn reach patients by educating them, helping them detect diabetes and prescribing appropriate medication. We know that our journey has just begun and there is a long way to go.

GS/TL: To extend this further, how important are rural markets for NN?

MD: In India, many people used to believe that diabetes is an urban disorder. This scenario is now changing. The advent of the Internet and smartphones in rural India has brought about a decisive transformation. However, public healthcare continues to be impacted by absence of trained doctors. Rural markets will be the game changers for us. Until recently, we have been able to deliver services to tier-3 towns, as these act as feeder points for nearby villages. We expanded our outreach in the lower tier towns with our innovative distribution structure to capitalize on the existing government infrastructure of Primary Health Care Centers (PHCC) and ASHA workers. We are going to expedite the process and include many more partners in our endeavour to achieve a healthy society.

GS/TL: Can you briefly explain any such rural initiatives?

MD: Our work done with the Bihar government comes to mind right away. When the government of Bihar pledged to fight diabetes through their health infrastructure, we partnered with them as the knowledge partner in this initiative. We targeted about 100 PHCC and about 1000 *anganwadi* workers in 30 districts. We converted a couple of PHCC in each district into diabetes care centres for 2 days every week. Our trained staff went to the centres regularly on these specified days and trained PHCC staff using a standardized programme manual. Our objective was to make these partners efficient enough to conduct the initial diagnosis of diabetes and, if required, ask patients to visit a specialist. The results were very encouraging- on an average, out of every 100 outpatients at PHCC, 5 or 6 were newly diagnosed people with diabetes who required professional help to manage their condition.

GS/TL: How important is a good sales force for your organization, and how are your policies structured to get good graduates into the sales force?

MD: In India, Novo Nordisk has 80% of our workforce is in sales. At Novo Nordisk, we provide great opportunities for outstanding performers and the role in sales is just the beginning.

Many of my peers in similar roles globally are the best example of this; I started my career as a marketing executive in sales and am now heading the India operations. The boundaries of career progression at Novo Nordisk are unlimited.

Having said that, we do face challenges in getting good graduate candidates for sales roles, but then again we are not alone in facing this challenge. Selling in pharma is at crossroads, but I feel that we are in for a better future. First, the industry has become extremely competitive, with complex products which require a deep understanding of the disease state, pharmaco economics and ability to leverage innovative tools to interact with customers. Secondly, ethics and customer engagement will be a top priority for companies. This means, we will require people who will work ethically on several new sales competencies. While this may seem challenging in the short term, in the longer run, the new pharma sales job of the future would be more exciting, high on esteem by bringing in credibility to the role and great rewards for highly skilled and talented individuals.

We are not short of a talent pool, but we need to be more competitive versus other industries. We have to build credibility around the role of a medical representative, attract this 'new' talent and carefully nurture them for the long term.

GS/TL: How do you make NN attractive to work for, and thus retain sales talent?

MD: For some time now, sales force retention has been an issue within the pharma industry. For us too, the situation hasn't been much different. However, I am also proud that our retention rates are almost 10% higher than the industry average.

Our sales force delivers quality products to our customers but also act as lifesavers, who work towards saving people's lives with diabetes and haemophilia. We rigorously train and retrain them, expose them to technology early in their selling lifecycle, which are core enablers to deliver exceptional service to all our stakeholders. Apart from this, we provide them broader career growth opportunities in the organization.

We are guided by our values through the Novo Nordisk Way- the 10 essentials that help us in how we think and what we value. Overall, we have developed an ecosystem that helps representatives become financially strong, ethically and socially responsible and work for something that the company stands for—contributing towards a healthy

society. We believe that we have come a long way towards making sales jobs in Novo Nordisk truly attractive to work for.

GS/TL: How do you ensure that the sales force you hire really believes in ethics and bases their work on Novo Nordisk values?

MD: There are two things which give us immense satisfaction but also keep us awake every night: the quality of our products we deliver and Business Ethics standards we have to adhere to.

While we try to deliver the best on both counts; but you need to see these two areas on a relative scale. What was considered a good service quality or ethical standard yesterday may not be applicable today. Hence, we continue to update ourselves in real time to retain our relevance in this dynamic environment. We convey our values to the sales force in several ways, including rigorous training and live examples.

We have debated extensively on these issues within the organization. We have now decided that some issues like ethics and quality are non-negotiable always. Interestingly, as an industry, we build businesses by delivering care for an ailment. This calls for a deeper understanding from our side as to what we are doing and how we are doing it. Our behaviours to a large extent drive our actions, and actions are what people look for in us. Our mantra is to be focused and sustainable. To be both, we have to be highly ethical and quality conscious.

GS/TL: NN has been one of the pioneers of technology use in selling, such as using iPads instead of product brochures. Could you explain some of the initiatives NN has used to increase the sales force's productivity?

MD: We are fortunate because we are a 'small-big' company—small because we are in a niche space, and big because we are leaders in that space. So, in this position of strength, we get a lot of opportunities to experiment. In addition, being in India is a boon as the world is looking to us for low-cost and sustainable innovations. I see a future in these investments. The ecosystem and government has been spending a lot on technology and we too are quick to embrace technology, faster than other markets. If we are ready as an organization to leverage technology, we can partner with our stakeholders to offer our services and products, thus building a healthier society.

GS/TL: Sales in an organization is a lot to do with the culture. Given the diversity in the workforce, how are you able to ensure that you create a unique culture of your own?

MD: Yes, certainly. Novo Nordisk Way of Selling unifies our selling efforts irrespective of the background of the salesperson. But this is not as easy as it appears. India is a country in which many countries exist. We cannot have a unified approach for every city. For example, Chennai and Noida are similar in their physical infrastructure, but differ socially. I require farmers in some places and hunters in others. I have to be sure that I do not have hunters at farming locations and vice versa. I believe that if we want to maximize the opportunity provided by different products and places, we need a diversified sales force. We have to ensure that it is part of our selection criteria, part of our training programmes, and that is why we are very specific about what type of people we bring in. The bottom line is that we have a standardized approach of selling as a guiding principle that is non-negotiable. We are also flexible on other requirements in order to harness greater potential.

GS/TL: Leadership is undeniably the key competitive advantage in organizations like yours. How are you nurturing the future generations to build a good leadership pipeline?

MD: You are absolutely right, and we are building our sales organization in this direction. Over the past decade, we have been focusing on how to grow. We have experimented with various models that will bring us growth. We are aware that sustainable future growth requires organizational restructuring, and we have already begun our journey towards this. We have developed a blueprint for this and we need to continuously update the plans. We intend to build the leadership at every level of our organization. We have recently strengthened our support organization, especially in the human resource function, which is spearheading the change process initiated. We know we have a long way to go.

GS/TL: How do you see NN India in five years from now? Ten years from now?

MD: Novo Nordisk India can achieve significant growth in the next decade. This is irrespective of the base volume we have. Opportunities abound in the segments we operate in; and we are gearing up to grow. Our aim is to make India the top five markets for Novo Nordisk worldwide from 2030.

GS/TL: Thank you, Mr D'souza, for your time.

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