

White Paper

Reimagining Incentive Compensation in a Post-COVID World

*How to link incentive structures to drive commercial
success in the omnichannel era*

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Executive summary

Life sciences companies have been going through a market evolution for several years that accelerated during the COVID-19 pandemic.

To succeed in the current market landscape, organizations are orchestrating complex omnichannel strategies that engage their customers with highly customized touchpoints and experiences. Sales incentives must keep pace with these shifting expectations to maintain a field force that is motivated and engaged.

Field force expectations are changing, necessitating a behavioral paradigm shift driven by access to dynamic planning tools, near real-time guidance at a glance, and highly coordinated promotions between digital, virtual, and in-person touch points across field teams.

This orchestration is enabled, in part, by intelligent technologies. When applied within a connected customer engagement ecosystem, new and improved datasets effectively link field force activity to guidance that drives the right behaviors. At the same time, measuring sales-based KPIs in this rapidly evolving commercial landscape is becoming increasingly complex, leading to delays in reporting, thereby rendering metrics less effective in driving behavior.

Not surprisingly, companies are evaluating how their incentive compensation (IC) programs can adapt to the new omnichannel reality.

This paper explores the potential impact of the evolving omnichannel landscape on incentive programs. It highlights some of the new approaches beyond the traditional sales-based KPIs that organizations can leverage to motivate and drive the right behaviors. It also explores the technological capabilities that may be necessary to effectively put those approaches into practice.



A new commercial landscape

The transformation of commercial models in life sciences has been underway for years, but the COVID-19 pandemic has driven this evolution to a new level of urgency. The pandemic disrupted the entire healthcare ecosystem, altering the way healthcare providers (HCPs) access product information, make decisions, and treat patients.

Much attention has been paid to how the pandemic changed the way HCPs engage with patients. However, it has been equally disruptive to HCPs' relationships with life sciences companies, and the sales teams that support them. Office closures and loss of face-to-face contact, coupled with short timelines for uptake as a measure of commercial success are changing the way these teams engage with customers.

New customer engagement trends have emerged, driven in part by the need for competitive advantage and the maturity of multiple promotional channels. Organizations have been forced to accelerate customer engagement strategies across a variety of channels using customized content to address their customers' immediate needs.

These changes were already disrupting the sales environment before COVID-19, particularly in some European markets where restrictions around face-to-face meetings with HCPs were driving an increase in remote interactions. Globally, the pandemic eliminated virtually all personal promotion, causing field forces to rely on videoconferencing, phone calls, email, and other digital channels to engage with their customers, essentially spurring the need for a collaborative, omnichannel approach.

With commercial model transformation underway, the shift to more easily measurable digital channels and the pandemic driving customer engagement metamorphosis, consideration of omnichannel approaches garnered greater attention.

Omnichannel sales strategies are strategic capabilities used across all customer types to leverage the optimal mix of communication channels and provide a unified, personalized customer experience to maximize the impact of each customer engagement. They enable organizations to optimize every step in their sales process, including the use of AI to suggest the next action to take to maximize every client engagement.

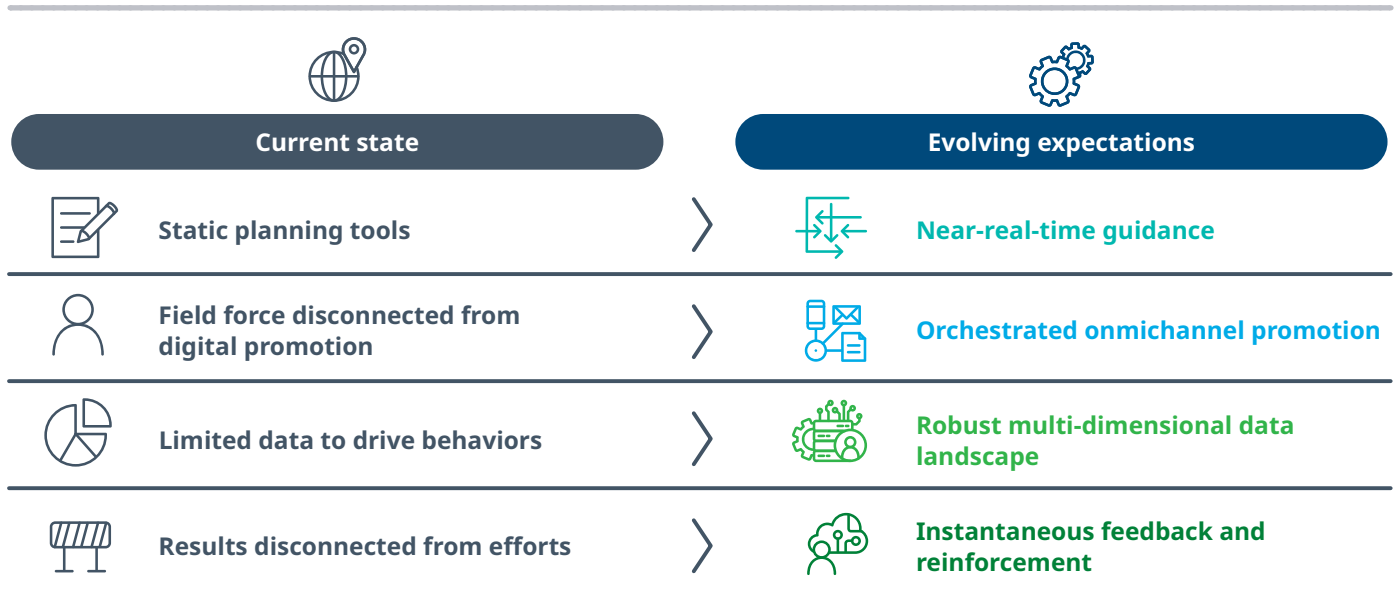
With the expansion of promotional channels and digital data, companies are already providing real-time guidance using sophisticated AI-driven algorithms as part of the omnichannel orchestration strategy. The adoption and execution of this guidance by the field force is critical to customer engagement success. Sales success in this environment depends on the ability to quickly adapt to customer needs, and to deliver content that is customized to preferred channels, timing, and individual needs.

The adoption of an omnichannel strategy is essential for any life sciences company that wants to be sure its go-to-market models are fit for the future. In this environment, daily remote interactions will be the expectation. Some HCPs will demand sales representatives rapidly adapt to their needs as new information emerges. This may include planned or spontaneous calls with HCPs and medical specialists, virtual education sessions, creation and delivery of customized marketing materials based on a client's current patient needs, and prompt responses to their questions/follow-up requests.

Evolving field expectations

To align with market demands and to remain competitive, life sciences companies will need their field force to adopt a new approach to customer

engagement. The graphic below explores some of the ways field force behaviors are evolving and the factors enabling those changes.



DYNAMIC PLANNING

Field forces are increasingly being asked to work with near-real-time guidance that is augmented or in some cases replaced by static once-a-quarter planning tools. This guidance helps to maximize customer experiences and drive improved sales outcomes.

This approach also offers field teams the ability to provide feedback on this guidance, compared to once-a-quarter call plans and alignments that can't react to a changing customer landscape.

However, to make this approach successful, two key behavioral changes are needed:

- the ready adoption of the guidance by the field team, and
- the inclination for the field team to provide feedback on the guidance that can be used to improve future suggestions.

OMNICHANNEL ORCHESTRATION

Orchestrated customer engagement is transforming the field force role across the spectrum, from influencing prescriptions through to coordinating engagements.

In a siloed promotional landscape, field force activity is predominantly based on upfront planning efforts and typically excludes any historical, ongoing, or planned digital and/or direct-to-consumer activity.

In contrast, field force activity in an omnichannel landscape is guided by an orchestrated strategy that maximizes customer engagement, optimizes promotional investment, and improves prescription activity.

This requires the field force to function in concert with other channels, and in some cases even play the orchestration role by coordinating multiple touchpoints with the customer.

DATA LANDSCAPE

Sales-based KPIs continue to be the key measure of field team performance, and as such, a majority of companies continue to use incentives that are focused on measuring and rewarding outcomes (i.e. sales). However, with the increased shift to specialty medicines, sales data is becoming increasingly challenging to track, resulting in long delays in connecting outcomes to drive behaviors.

In the past, disconnected planning and execution technologies also meant that activity-based data couldn't be effectively connected back to original plans and therefore were considered less effective for IC measurements.

Today, many organizations have made significant investments in connected customer engagement ecosystems that allow collection, cleansing, and connection of various sources to power AI/ML driven suggestions. Real-time tracking of activity linked to suggestions and guidance now makes it possible to track plan adherence more effectively.

LINKING REWARDS AND EFFORTS

The significant lag between field force activity and sales results limits an organization's ability to influence meaningful change in behaviors in a rapidly evolving commercial landscape.

Field force demographics are also shifting. Teams are increasingly digitally savvy and rely on instantaneous reflection of their efforts in their results.

Linking outcomes and rewards to efforts more frequently can help consistently reinforce the right behaviors and enable agility in orchestration strategy.

ALIGNING BEHAVIORS WITH EXPECTATIONS

The journey from changing expectations to driving behaviors doesn't come easily. Omnichannel engagement requires field teams to replace long held face-to-face sales strategies with digitally orchestrated promotional touchpoints. Further, many of these changes are not typically reflected in IC plans, which can potentially delay their adoption and frustrate field teams.

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Adapting incentive programs – back to basics

As part of a recent IQVIA survey, 68% of respondents identified ‘digital opportunity’ and ‘shifting field force roles’ as important factors in reconsidering IC program structures. More than 75% of respondents highlighted ‘metrics beyond traditional sales-based measures’ as important for IC planning. As previously discussed, changing expectations driven by evolving commercial models may require a reassessment of the incentive program structure. This assessment starts with revisiting three basic questions about incentive programs.

WHAT BEHAVIORS TO DRIVE?

Generating desired outcomes, primarily sales success, continues to be the key measure of field force effectiveness. However, three additional behaviors are becoming increasingly important as well:

- adherence and adoption of omnichannel guidance
- coordination of engagement touchpoints in the omnichannel ecosystem

- establishing long-term customer relationship and value

Should these behaviors be incentivized in addition to driving sales performance?

WHAT MOTIVATES THE FIELD FORCE?

Most incentives are paid quarterly based on sales results at the end of the measurement period. But is this enough to drive motivation? Are there more frequent alternatives that can be leveraged to reward (or at least to recognize) and reinforce the right behaviors?

WHAT TO MEASURE?

While measuring sales using several possible KPIs (volume, share, growth, etc.) continues to dominate IC plan structures, companies need to explore the following questions:

- is this compatible with the evolving role of the field force?
- are there other outcomes that can be measured?
- are there other metrics that can reliably link activity to plans and outcomes?



What behaviors to drive?

- Long-term customer satisfaction and patient outcomes beyond sales
- Adherence/Adoption of omnichannel guidance
- Coordination activities for improved engagement in the omnichannel ecosystem



What motivates the field force?

- Does a quarterly reward go far enough to drive motivation?
- Are there more frequent alternatives that can be leveraged to reward (or at least to recognize) and reinforce the right behaviors?
- What are the right long-term objectives and rewards?

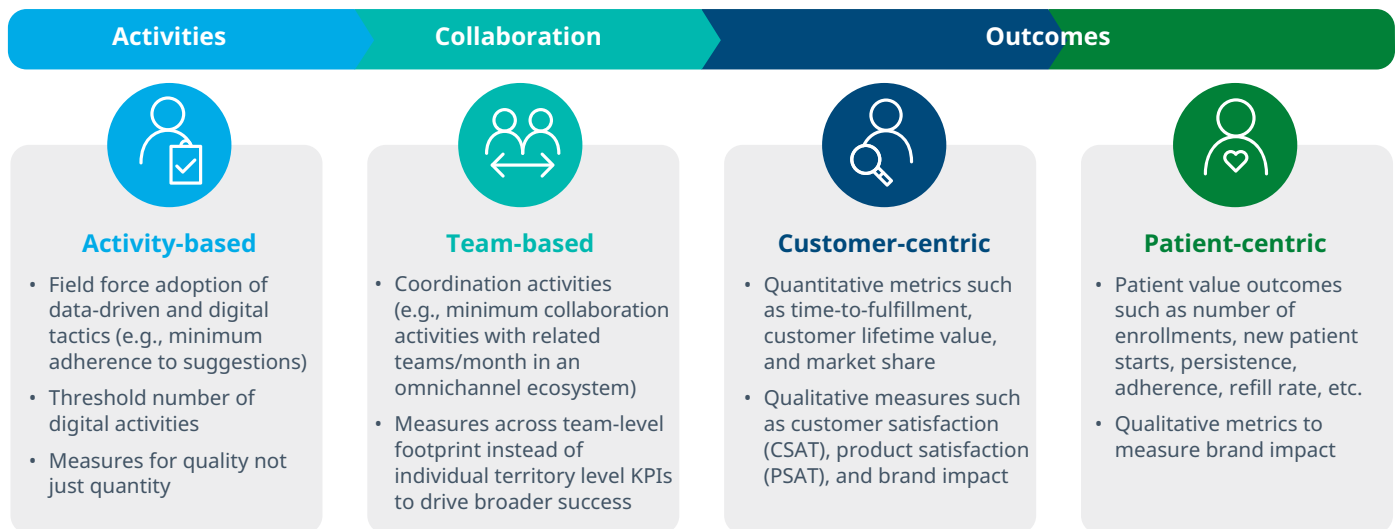


What to measure?

- Can I continue to rely solely on sales metrics?
- Is this compatible with the evolving role of the field force?
- Are there other leading indicators/metrics that reliably link activity to plans and outcomes?

Emerging themes in omnichannel incentive compensation

Traditional sales-based metrics can be augmented with a variety of additional metrics depending on roles and desired behaviors. The four major trends shaping the industry today are identified and explored below.



OMNICHANNEL ACTIVITY

Companies looking to drive field team behavior based on omnichannel orchestration are looking to adopt measures such as adherence to Next Best suggestions and providing feedback that can improve future suggestions. Such metrics, if designed and tracked correctly, can help increase adoption of omnichannel activity as the teams get comfortable working in the new normal.

It is important however, to focus not just on the quantity of suggestions adopted, but also to help the algorithms improve the quality of the suggestions in the future. Therefore, field teams could also be incentivized on the feedback they can provide, based on the reality on the ground, to improve the accuracy and relevance of those suggestions.

This category of metrics has the most potential for near real-time tracking and presents a unique opportunity to leverage modern social behavioral concepts like gamification and badges. These are becoming ubiquitous, especially in social media dominated digital interactions like wellness challenges or daily puzzle streaks.

OUTCOMES-BASED METRICS

Beyond sales outcomes, customer and patient-based outcomes can also be incorporated into incentive planning. With the addition of these measures, the field force can be rewarded not only for moving volume in the short term, but also for more complex behaviors that build relationships with providers and drive long term business success and patient health outcomes. If one of the key objectives of moving into an omnichannel engagement strategy is to provide a more personalized experience to the customer, then measuring and rewarding on customer experience can become a critical component of the field teams' incentive plan.

The customer-centric measures considered can be either quantitative metrics such as time to fulfillment, customer health score, customer life-time value, etc., or qualitative metrics to measure brand impact, customer experience, product satisfaction, etc.

The inclusion of patient-based measures as part of incentive plans is also not uncommon. Rare disease products often work with goal-setting and commissions based on linking new patient enrollments to the patient support programs (PSPs). While this

enrollment can demonstrate patient value for rare or ultra-rare disease areas, it is important to ensure that the field force is enabling the transfer of the right knowledge and awareness about the product and dosage guidelines along with this incentivization. Other examples of emerging measures include patient persistence, refill rates, or adherence.

The biggest challenge with such metrics is the granularity and availability of data that can effectively measure the customer experience. Even though good data may be available, changing customer experiences can take a long time, and therefore these metrics are best structured into longer measurement periods where changes in customer experiences can be effectively measured.

TEAM-BASED METRICS

Coordination and collaboration among larger go-to-market teams is critical to effective omnichannel orchestration. Field teams may be required to play the coordinator role across various entities from patient support teams to reimbursement specialists, clinical nurse educators, and medical science liaisons.

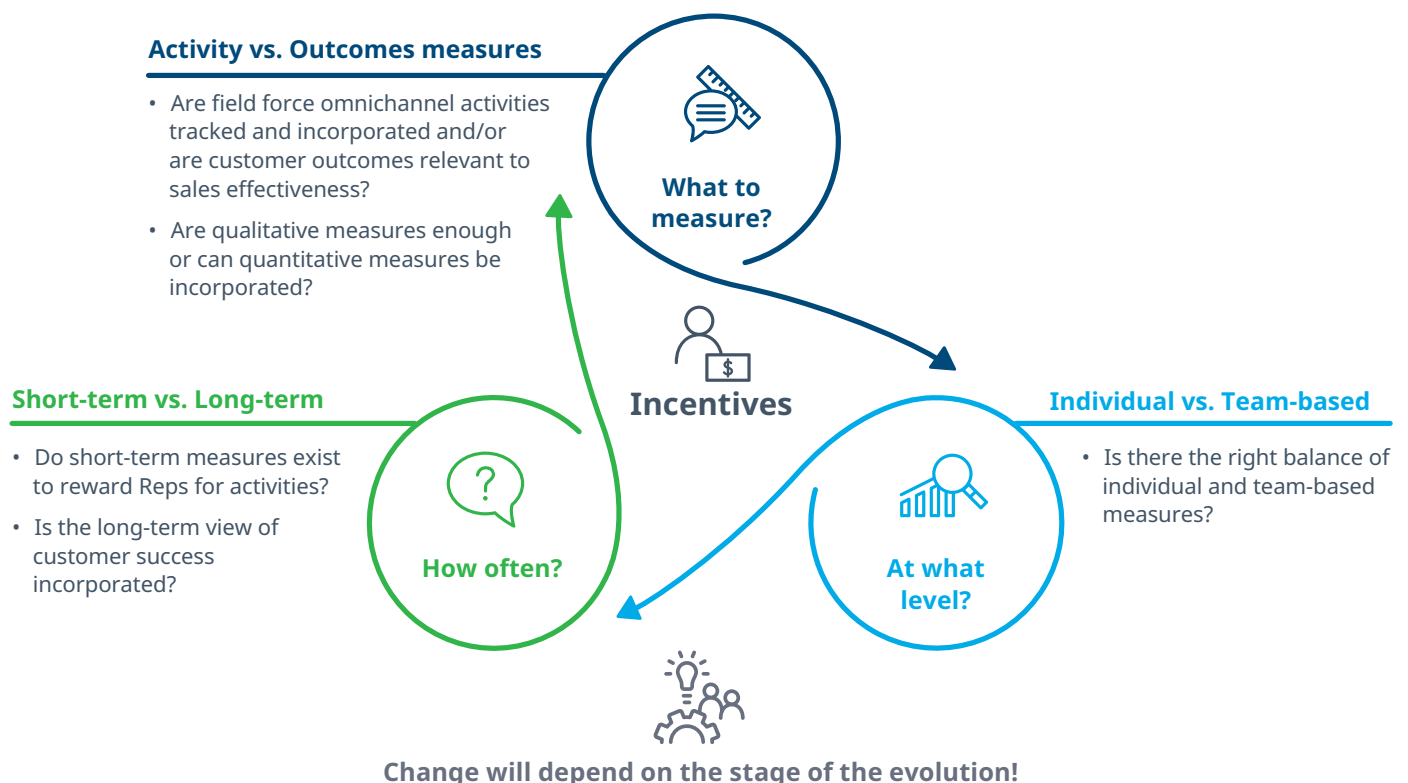
The overall customer engagement or experience outcome – whether measured in activity, sales and/or using customer experience metrics – becomes a function of how the team works in unison to manage the engagement.

A BALANCING ACT

As with any incentive program, life sciences companies must strive for a well-balanced combination of measures, rewards, and frequency for a multi-dimensional view of omnichannel success.

This paper further explores a few key questions to address when designing a new incentive program:

- **What to measure – activity or outcome?**
Activity-based metrics can drive adoption of effective behaviors and can ultimately link to the desired outcomes, shaping a more complete picture of the field team's performance.
- **At what level should these KPIs be measured for incentives?** Balancing individual and team-based measures can be based on roles and responsibilities in the new omnichannel world and can be limited by



the granularity and timeliness of relevant datasets to measure desired outcomes.

- **How often should I measure and pay on these metrics?** Near real-time activity tracking can enable field teams to be rewarded more frequently and provides more opportunities to reinforce desired behaviors. At the same time, shaping and transforming customer experiences may need longer measurement cycles and will need to be incorporated as part of the long-term incentive structure.

Can my incentive platform keep up?

One of the key tenets of a good incentive program is simplicity so that field teams can easily connect the right behaviors and activities with maximized earnings.

However, traditional incentive platforms have been unable to establish this link effectively and have been relegated primarily to calculating and reporting on incentives, long after the activities driving the results have taken place.

With companies now investing in data infrastructure and in intelligence-driven field engagements, an opportunity exists to extend investment in incentive compensation platforms that can incorporate simplicity in plan design, improve the linkage between behavior and reward, and drive the right behaviors continuously using near-real-time measurements and frequent rewards.

Following are four key capabilities that companies should look for in their next IC solution.

- **Data management and integration:** IC solutions must have robust data management capabilities that can integrate and process a variety of data sources beyond traditional KPIs. The ability to process vast amounts of data-capturing activity from various channels and teams is critical to driving and adopting omnichannel orchestration.
- **Omnichannel plan configuration:** It is evident that every IC solution should have not only a vast library of traditional plan templates but also an emerging collection of alternate plan structures, thus allowing for adaptability to the changing business landscape. With data readily available, companies should be able quickly setup and test plans in pilot settings before rolling them out to the larger populations.
- **Vibrant visualizations:** Most field force teams now have access to mobile-friendly dashboards to help drive sales performance. IC reporting must go beyond that and explore other options, such as wearables that effectively drive optimal outcomes.
- **Not just a payout processing tool:** IC platforms of the future must enable bidirectional integration with other field engagement platforms like Next Best. This integration will not only allow real-time tracking and linkage between activity and results, but also provide interactive calculators that generate compliant suggestions for the field teams to reach their desired earnings potential.

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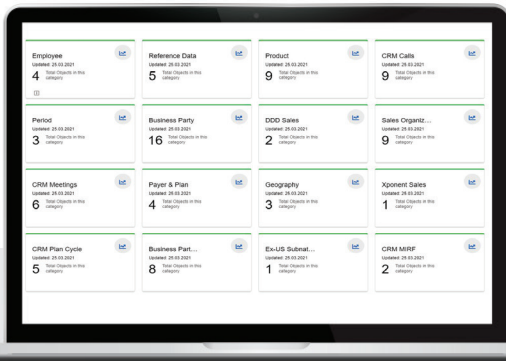
IC platforms of the future should further be able to link all relevant activities directly to the field force's payment plans – and clearly communicate how preferred behaviors lead to better results. This can include tracking input measures, such as number of

remote interactions performed, the quality of those interactions based on manager observations and client survey responses, and net promoter scores as a measure of compensation.

Opportunities and considerations for reimagining incentive comp



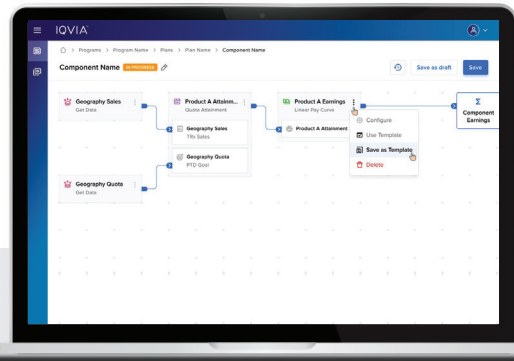
Integrate



Robust data management capabilities that can integrate and process a variety of data sources beyond traditional sales KPIs



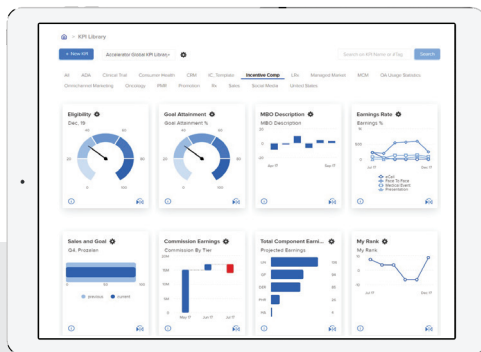
Configure



Extensive IC Plan library with traditional and alternate IC plan structures and the ability to adapt to fast changing business landscape



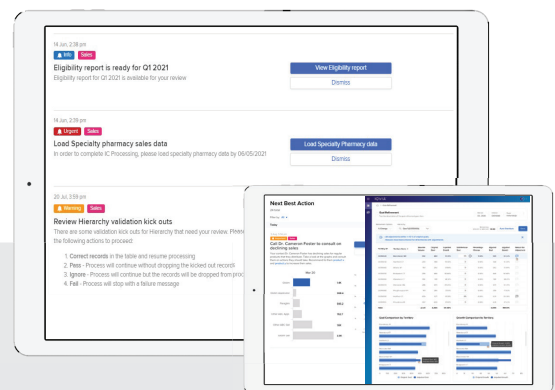
Visualize



Configurable KPI Library that can track and visualize a variety of KPIs in near-real-time to drive field force engagement



Motivate



Interactive tools like what-if calculators that can power Next Best suggestions and drive compliant guidance to maximize their earnings

Culture and technology must shift in unison

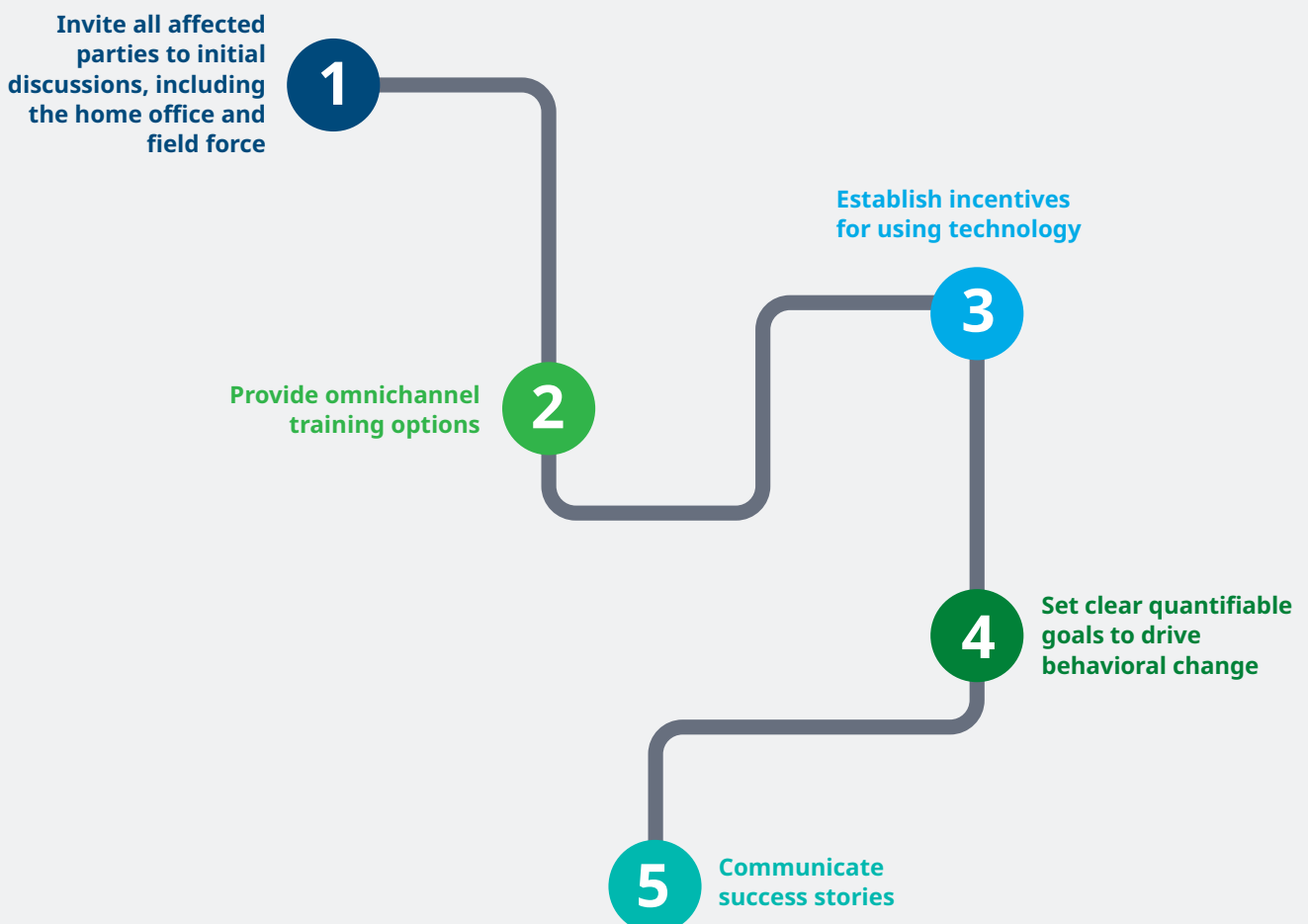
The digital transformation of sales requires teams to abandon familiar processes and platforms, replacing them with novel methods that require them to change the way they work. It's uncomfortable, and without the right tools and support, the field force can easily reject these new platforms, choosing instead to cling to trusted methods that worked in the past but may not in the future.

This can cause even the best technology implementations to fail because users aren't on

board. To avoid this risk to incentive compensation programs and platforms, it is critical that companies make change management an integrated part of this transformation. This means engaging users as stakeholders throughout the transformation process, using their feedback in decisions, and giving them the training and support they need to comfortably adapt.

The more involved the field force is in this transformative journey, the more invested they will be in its success.

HOW TO WORK IN UNISON ACROSS THE ORGANIZATION

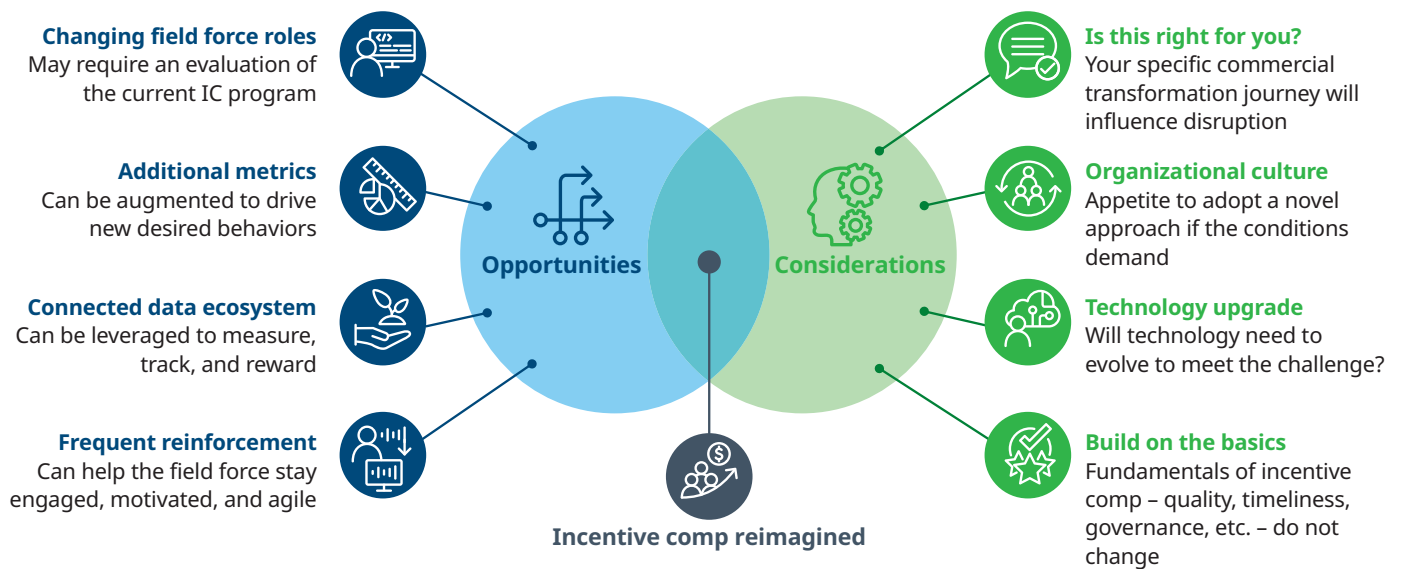


Compensation for a more resilient future

The confluence of trends changing the life sciences environment has permanently altered the sales environment. Smaller teams are expected to make a bigger impact sooner, and every patient represents an opportunity to directly impact compensation.

To maximize success in this environment, compensation strategies must reward the field force for using an omnichannel, team-based approach, and reward incremental behaviors that generate long-term sales results. This can only occur if compensation platforms have the agility to link individual omnichannel engagement activities to sales performance, and the ability to track results across a connected omnichannel environment.

Opportunities and considerations for reimagining incentive comp



When life sciences companies reimagine their compensation structure using data-driven platforms, field forces can easily see how behavioral change can drive better financial results. Further, when field forces leverage data-driven compensation platforms that deliver real-time insights, life science companies are empowered to optimize productivity and achieve and sustain high levels of brand and portfolio success.

These new concepts lay a foundation, aligned to commercial transformation, that reimagines current IC strategy, structure, tools, and incentives in preparation for the field force of the not-so-distant future.

To learn more about the IQVIA Incentive 360 platform, [CLICK HERE](#).

Visit [IQVIA.com](https://www.iqvia.com) for more information.

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Sainath is responsible for building innovative solutions to solve complex Sales Force Effectiveness problems, including our latest Incentive 360 offering. He brings over 20+ years of experience in designing, implementing and managing global Incentive programs across multiple industries including Pharma companies of all sizes. At IQVIA, Sainath leads a diverse group of SFE experts in bringing thought leadership, delivery excellence and technology innovation to our clients.



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