

Strategic Marketing in Value Creation

Developing a winning strategy and efficient execution plans are crucial to building value for every company. Technology-driven companies sometimes fall short on market analysis and skip right to planning product development. “Build it and they will come” almost never maximizes value. This blog covers strategic marketing topics that feed integrated strategy development and execution planning.

An Integrated Approach to Planning

L.E.K. Consulting advocates for a process that combines strategy development and implementation planning.¹ The “Strategy Activation” approach provides a framework from conception of a new strategic vision to promote early engagement and buy-in across the commercial, R&D, clinical, operations and financial functions. It accelerates several important work streams that often are postponed until the implementation stage.

Strategy Activation entails parallel activities across four dimensions: 1) defining the strategic plan, 2) securing value delivery, 3) building organizational capabilities, and 4) generating commitment. The process utilizes multi-level teams and improves communication by engaging both decision-makers and future implementation leaders up-front. This fosters more complete understanding of the strategy as well as real ownership. Strategy Activation helps to integrate market analysis, which is often light despite its importance to inform decisions on the “right” products to develop. Therefore, scientists and engineers gain an appreciation for customer needs and markets. And, commercial leaders gain a better understanding of development challenges.

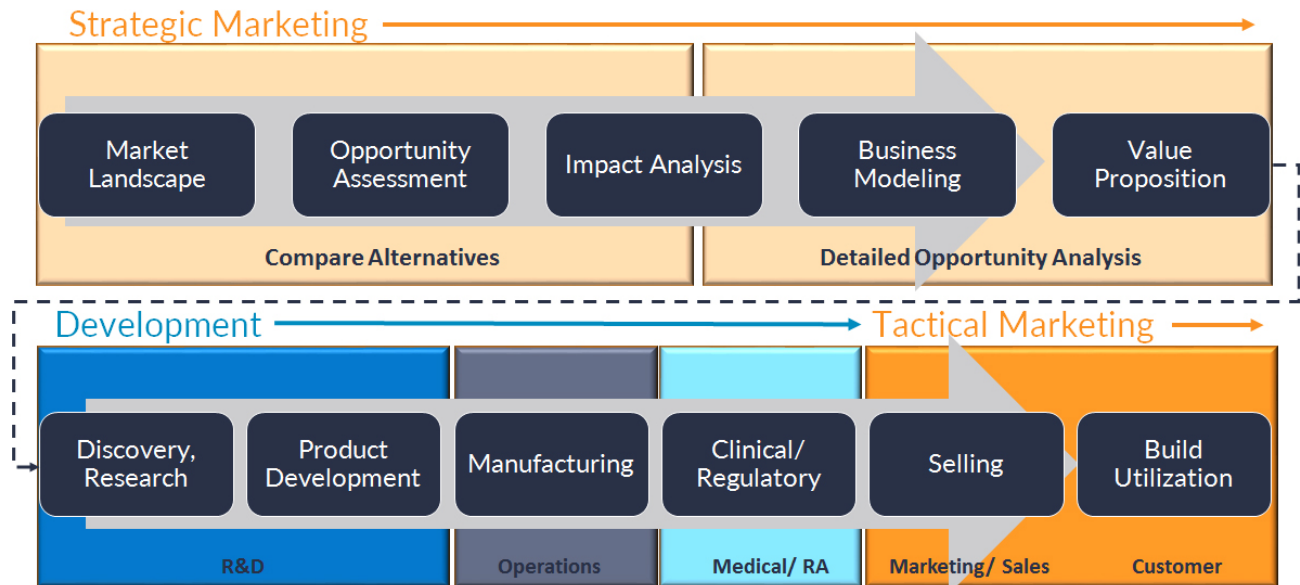
Figure 1. Strategy Activation



The Value Creation Roadmap

Most aspects of strategic marketing inform the first and second cogs of Strategy Activation. Small- to medium-sized companies tend to short-cut or skip these market-driven planning activities. In contrast, diagnostics/medical device companies tend to be good at planning product development and clinical trials, in part because design control procedures are now embedded into our design and development processes. (See Design Control Guidance²). So, let's do a deeper dive on strategic marketing tasks in value creation.

Figure 2. Value Creation Roadmap



What is Strategic Marketing?

Most folks equate “marketing” to ads and sales collateral. That’s the back-end of the value creation roadmap... the creative, tactical stuff that creates awareness and adoption. Clearly, tactical marketing execution is important, but marketing is so much more.

Strategic marketing is often under-valued. Jim Sagar, CEO of MarketingMO.com, captures this reality well: “It’s difficult to value what you do not understand. And most [small to mid-sized enterprises] do not understand strategic marketing because there’s little to no strategic marketing experience within the company. The people trained in strategic marketing work at big companies and agencies.”³

The discipline of strategic marketing encompasses the research and analysis that feeds planning and drives strategic choices. Harvard Business School offers a course, with a central premise that marketing is a value creation process.⁴ Rigorous assessment of a company’s external environment identifies gaps, quantifies potential opportunities, models economic and outcomes impact, and analyzes the competitive environment. At the end of the day, the information is useful to generate a compelling/unique story to gain partner, investor and customer interest.

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Market Landscape Analysis

Market landscape analysis builds a solid foundation for value creation. Text books, consultants and online templates may refer to this as “situation analysis.” The process prepares the company to choose products/indications and to develop its technology to address unmet needs in the marketplace. You will clarify unmet needs, map market opportunities and drivers, identify key stakeholders and establish initial product requirements. Here are some topics to consider including in your market landscape analysis:

Category	Tasks and Comments
Technology Assessment	<p>Generate early data.</p> <ul style="list-style-type: none"> Assess feasibility to understand basic performance capabilities (enough to sketch out an approach to productize technology) Data entices investor interest and increases valuation Data will help recruit clinical trial/pilot sites <p>Assess competing technologies.</p> <ul style="list-style-type: none"> Your technical strengths and weaknesses vs. current/expected competition
Market Assessment	<p>Analyze key market drivers and trends.</p> <p>Select segments and target markets.</p> <ul style="list-style-type: none"> Clinical diagnostics (reference lab, hospital, alternate site) Life Sciences Tools/Research products (Pharma, academia) Veterinary / Food / Agriculture <p>Other high-level considerations:</p> <ul style="list-style-type: none"> Market size Target customers, call points Market structure and access Key competitors Geography, price, regulations
Needs Assessment	<p>Analyze clinical pathways and care gaps.</p> <ul style="list-style-type: none"> Where in the clinical pathway will the test be used? (i.e., decision points) Will the test impact medical decisions and/or outcomes? Will it improve quality of life or patient experience? <p>Consider cost savings/cost avoidance.</p> <ul style="list-style-type: none"> How can the new test save money in the health system? <p>Draft initial market requirements/user specifications.</p> <ul style="list-style-type: none"> Write from perspective of users and their unmet needs Compare needs to technology capabilities
Stakeholder Analysis	<p>Understand the needs and interrelationships of key stakeholders.</p> <ul style="list-style-type: none"> IDN/hospital executives, physicians, laboratory directors, purchasing Supply chain partners Marketing, sales and distribution partners Payors Opinion leaders Regulatory agencies Consumer and advocacy organizations Competitors
Product Requirements	<p>The culmination of situation analysis is to define product requirements.</p> <p>Draft market requirements/user specs based on:</p> <ul style="list-style-type: none"> Unmet needs of likely target customers Market trends, including the expected future state Technology advancements, especially from competition Needs of key influencers in the purchase decision <p>This is a starting point.</p> <ul style="list-style-type: none"> Refine after final product applications are selected Revisit based on Impact Analysis findings Finalize after Business Modeling is complete <p>Reference throughout the product development process.</p>

Opportunity Assessment

Opportunity assessment is a systematic process for selecting lead product(s) that analyzes commercial attractiveness of potential products and technical likelihood of success. A score card can be used to compare commercial and technical factors, provide quantitative justification for lead product selection and compare multiple opportunities, even if there is a lead product idea. This analysis can also prioritize different indications within a disease state, which may guide clinical trial design.

Category	Tasks and Comments
Opportunity List	<p>Generate a comprehensive list.</p> <ul style="list-style-type: none"> • Opportunities fit target diseases and are appropriate for the technology <p>Apply a coarse filter.</p> <ul style="list-style-type: none"> • Market size, competitive environment, time to market <p>Apply fine filters to generate a Candidate List.</p> <ul style="list-style-type: none"> • Use score cards to quantitate the value of features • Map Commercial Attractiveness vs. Technical Probability of Success • Map indications to visualize a portfolio
Competitive Analysis	<p>Formal competitive analysis identifies potential barriers to entry and informs product positioning options.</p> <ul style="list-style-type: none"> • Evaluate major players, current/future competitive situation • Analyze pros/cons of technologies and competitive business models

Impact Analysis

Clinical and economic impact analysis identifies needs and informs messaging.

Category	Tasks and Comments
Clinical Impact	<ul style="list-style-type: none"> • Map out the current standard of care and clinical pathways • Analyze how the product might change clinical decisions, interventions or outcomes
Economic Impact:	<ul style="list-style-type: none"> • Model current healthcare costs associated with the disease/indication • Do sensitivity analysis to project the impact on cost savings and cost avoidance • Do cost-effectiveness analysis using Quality of Adjusted Life-Years (QALY)

Business Modeling

Model different commercialization scenarios. Assess core competencies and organizational gaps. Evaluate alternative Go-to-Market strategies (e.g., research products vs. a service model offering LDT products through a CLIA lab vs. IVD instrument/kit sales). Common business model options include organic growth, various forms of strategic partnerships and mergers and acquisitions.

Category	Tasks and Comments
Portfolio Strategy Rationalization	<p>The lead product drives customer interest; menu availability drives the sale.</p> <p>Points to Consider:</p> <ul style="list-style-type: none"> • Breadth vs. depth of product menu • Medical practice limitations • Target laboratory types • Other: turnaround time, sample type... <p>Leverage scalability of core technology.</p> <p>Determine clinical study requirements.</p> <ul style="list-style-type: none"> • Sample cohort sources and availability (biobank, clinic, prospective trial...) • Scope, patient availability, timing <p>Determine regulatory requirements.</p> <ul style="list-style-type: none"> • 510(k), PMA

Category	Tasks and Comments
Partnering Strategies	<p>Demonstrating product and market feasibility drives value.</p> <ul style="list-style-type: none"> The closer the product is to the market, the more value it will command <p>Partnering considerations:</p> <ul style="list-style-type: none"> True internal expertise and interest Time to market and time to peak sales projections Sustainability and scalability factors Financial and risk factors <p>Strategic partners can be:</p> <ul style="list-style-type: none"> Strategic investors Industry leaders, synergistic industry innovators, competitors Key suppliers, channel partners Other industries
Program Management Plans	<p>Completing a program plan forces a disciplined approach to development. Develop firm goals for value creation for each funding period.</p> <p>Major milestones:</p> <ul style="list-style-type: none"> Product and/or process development Clinical/regulatory Commercialization Funding <p>Include all functional areas and ensure gaps are addressed.</p> <p>Determine resource needs and timeline.</p> <ul style="list-style-type: none"> Calculate critical path Mitigate risk: identify alternatives for critical path steps
Financial Plan	<p>A credible benchmark is an essential component of a funding strategy.</p> <p>Funding plan:</p> <ul style="list-style-type: none"> Clear assumptions Key value creation goals for each tranche Major milestones and use of proceeds <p>Business Financial Model:</p> <ul style="list-style-type: none"> Detailed P&L Working capital Return calculations (ROI, NPV) Sensitivity analysis

Value Proposition

The value proposition is a summary of strategic marketing analysis. For each market segment or target buyer, develop a brief, clear statement that summarizes your offering in a compelling story. Include metrics to support value for the stakeholder and state why a strategic partner, investor or prospect should take notice.

Bringing It All Together

- Strategy Activation integrates strategy development and implementation planning.
- Use a Value Creation Roadmap to generate a compelling/unique story to gain interest from a partner, investors or prospects.
- Market Landscape Analysis includes market assessment, identification of unmet needs, stakeholder analysis and culminates in draft product requirements.
- Impact Analysis models the anticipated impact to medical practice and healthcare costs.

About the Author: Carrie Mulherin is CEO of Focus Marketing, offering consulting services in planning, market research, commercial execution and training to growing companies.

References

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