

Global Leadership, One Market at a Time

A global strategy is important, no doubt; however, global leadership is about lining up the right country, with the right strategy, at the right time

The Client: A top 20 pharmaceutical company marketed a \$1+bb product to primary care physicians and specialists in 50+ countries. Markets ranged from relatively mature in developed countries to rapidly growing in developing nations. Overall the client enjoyed a global share of 50% and the product was #1 in nearly every country. However, there were significant differences across markets: product share, pricing, reimbursement, generic competition, OTC alternatives, medical practice, specialties treating each indicated disease, and sufferers' propensity to see a doctor or self-medicate.

The Problem: Corporate Sr. Executives recognized the portfolio of countries presented distinct opportunities and challenges, yet they lacked the transparent information and resources to closely guide each country's operating and investment plan (e.g., milk mature markets and over-invest in those with high future potential). The global strategy had unfortunately become the "least common denominator" of business needs across countries. As a result, there was little faith that each country plan would (i) adequately take advantage of unique local opportunities, (ii) leverage insights from prior years or other markets, or (iii) optimally align resources with local requirements and global investment objectives.

The Solution: Cogent's Brand Maximization process was seamlessly integrated into the client's existing annual planning process to provide added insight, planning rigor, cross-country consistency, and the ability to roll up the plans to the regional & global level. Cogent's market assessment created a solid fact base and helped quantify each market's specific business opportunities. Across markets this instilled a common language and consistency which (i) enabled comparative benchmarking, (ii) fostered good dialogue and sharing of best practices, and (iii) generated more ambitious yet realistic targets. Driven by local data and working collaboratively with local management, the process yielded tailored operational plans and business cases for a final budget that generated buy-in from both local and global management. Each plan aligned specific opportunities, strategies and investments locally while also providing corporate management a level of transparency that enabled them to provide more detailed guidance to each country and decide how to best allocate corporate resources across markets.

The Results: Begun as a pilot in a few European markets, the Brand Maximization process generated such positive engagement and compelling results that it was rolled out to countries in all geographic regions. Individual countries vied for a place in the roll-out that eventually included 35 markets. Along the way Cogent's collaborative approach ensured each country team fully understood the data, process, and tools so that they could execute the planning cycle the following year independent of Cogent Consulting. As such, Cogent not only supported a one-time initiative, but helped the client institutionalize a robust, coordinated business planning process generating long-term benefits. Not only have teams created more actionable, aggressive, and convincing plans, they have also successfully executed on them as demonstrated by the 25% average growth, which has clearly exceeded expectations for a mature product.



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Annual Budgeting

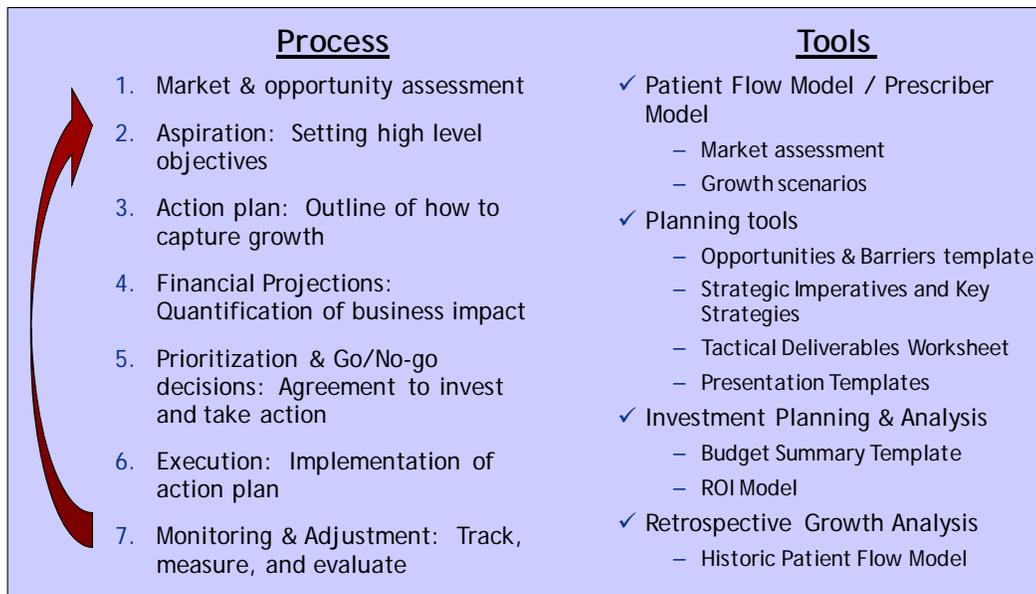
Every company has some form of it...the dreaded annual budgeting process. Though critical to the success of the business, too often it doesn't meet the needs of either the country team or corporate. Instead, it becomes a drudgery; distracting everyone from their day job as country brand teams game the system to win a little more budget, while corporate holds the line on resources and tries to extract ever more top line growth. And so an adversarial negotiation begins.

But what if it was different? What if instead of a budget request it was about creating a business plan? What if opportunities were fact-based, not hunches? What if the plan led to easier and more focused execution the rest of the year? What if it fostered and rewarded new ideas, creating a positive experience that brought management and product/country teams into alignment not just on top and bottom line targets, but on execution and long term investment objectives as well?

Brand Maximization

Cogent's Brand Maximization process, achieved these ambitious goals for a recent client. The client's annual planning process wasn't broken by any means, but by enhancing it and integrating planning tools and presentation templates, it became more effective and efficient. The result was a unique operating plan for each market, based on local growth opportunities and a clear business case aligning investments and tactics with realizable upside potential. Senior management received a business plan instead of a budget request.

Cogent's Brand Maximization process consists of 7 steps and integrated tools:





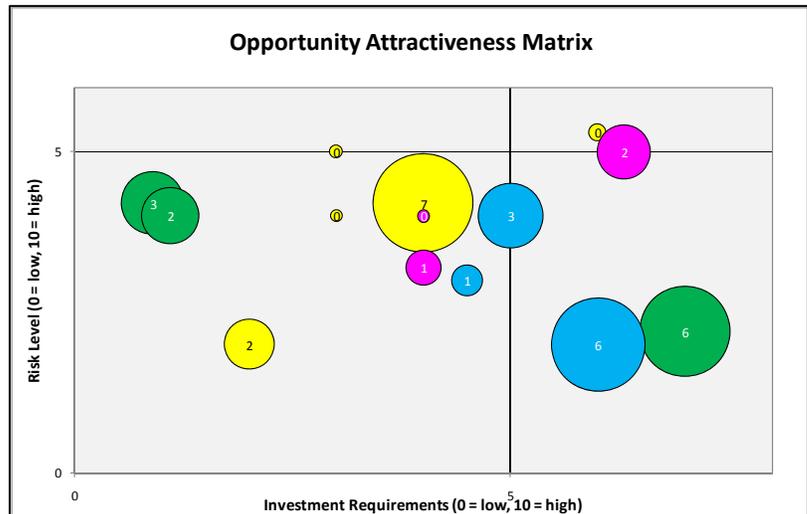
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Cogent's Brand Maximization process enhanced the existing planning process by introducing four key components:

1. **Consensus Driven Fact Base:**

[Cogent's Patient Flow model](#),

based on a framework of key business drivers enables each country – for the first time – to establish a consensus fact base about market dynamics and quantifiable growth opportunities. Opinions and gut feelings are replaced by facts. Hidden assumptions driving upside potential are made explicit. And dynamic models generate transparency about *how* each team believes they can achieve growth objectives. Ultimately, the process and tools provide the team a deeper understanding of the impact of their business decisions and increase their confidence in their forecasts and financial targets.

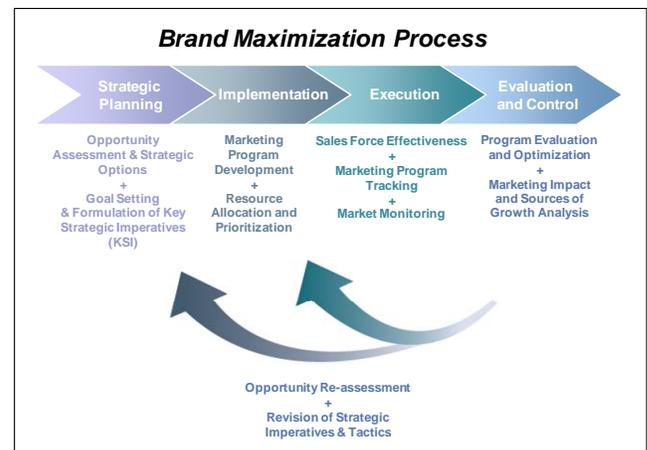


2. **Business Case Approach:** The annual planning process is typically a budgeting exercise where the team tries to defend, if not grow, the budget compared to last year. Cogent takes a fundamentally different approach that begins with the growth opportunity and builds a business case for the programs and investments required to realize that opportunity. In effect, the business priorities are developed top-down, and then the investment plan is developed bottom-up, ensuring that all activities are aligned with the business objectives and each investment is evaluated on a case by case basis.
3. **Quantification & Metrics:** With the Patient Flow and consensus fact base, a general forecast for growth is replaced with much more specific, quantified opportunities. Performance targets are set for each opportunity in addition to the overall business. KPIs are established that can be monitored continually to evaluate whether specific initiatives are achieving their expected impact or need to be corrected mid-year.
4. **Integrated Tools:** One of the most significant enhancements to the planning exercise is a set of integrated tools designed for each step of the process. The Patient Flow model consolidates data, establishes a baseline, and enables the team to create dynamic scenarios and forecasts. The Planning Tools identify Opportunities & Barriers, Strategic Imperatives, and the right Tactics. The Investment Planning & Analysis Tools then ensure resources are allocated appropriately to deliver acceptable ROIs & NPVs. By integrating the tools, the process becomes more coherent and efficient, as the output of one step seamlessly feeds into the next.

Improved Planning, More Effective Execution

Enhancing the planning process has significant and far reaching benefits in three important areas:

1. **Consistency:** The Cogent approach enables a powerful new planning and management capability. Countries can easily be rolled-up to regions and regions to a global view - at a more granular level than pure top/bottom line financials. Senior management can begin to look at their markets as a portfolio of investment opportunities and decide how to balance the overall portfolio and optimize its long-term value by diversifying investment risks and balancing cash flows across opportunities.
2. **Alignment:** [Cogent's Brand Maximization](#) process seamlessly aligns all of the core annual business cycle activities. Frequently companies experience a significant disconnect between planning strategy and executing tactics. Typically, programs are not rigorously evaluated to determine how they have changed the market and which ones should be continued, changed, or discarded. Cogent's approach provides frameworks, tools and the training to ensure that the business cycle becomes a continuous learning process throughout the year and into the next.
3. **Engagement:** Whereas the dreaded annual budget request is about money; Cogent's approach is about ideas. The business case and quantified outputs make each country's situation and thinking more transparent to corporate, which in turn enables improved feedback and guidance to the countries. And knowing that a sound business case based on facts and compelling ideas will be rewarded, engages countries in a deeper level of thinking and planning.



While sponsored at the corporate level the benefits of this initiative were clearly recognized by the country teams themselves. This initiative enabled benchmarking for the first time, which reset expectations as teams compared their performance to one another (not just in-market competitors). The result...more aggressive forecasts and a little competitive spirit! Yet collaboration increased too, as the common framework and language improved communication and sharing of best practices. And finally the teams were clearly engaged in the process as they gained new perspectives on their business, enabling them to better align their country's strategies, tactics, and investments with realistic opportunities.

Raising the Bar

Increasing the consistency, year-to-year continuity, internal alignment and engagement of the global team has re-energized this billion dollar brand. It has spurred renewed growth of this mature product and forecasts are up across the board as the early pilot countries are reporting revenue gains of 25% in the past year.