Painkiller: Smooth Acquisition Integration Critical to New Product Rollout for Pharma Company

A global multi-billion-dollar specialty pharmaceutical company was acquiring a smaller company with a pipeline of pain and spasticity drugs that would complement its own R&D channel. The acquired company had just received FDA approval to launch its first pain drug onto the market, which the acquirer needed to integrate into its branded pharma business.

To complete the integration — and, more importantly, to get the new products launched quickly so they were available to patients who needed them — management had to look beyond the technical transfers of the drugs in development. They had to understand how the acquired company's processes worked and where each product was in its development cycle before they could successfully integrate them into its own departments and systems. And this assimilation had to happen while meeting revenue forecasts and maintaining high standards of customer service.

Knowing they lacked the internal resources to handle such a complex undertaking, the company turned to Integrated Project Management Company, Inc. (IPM) to lead the integration program and ensure business continuity for both the legacy and acquired business.

A THREE-PHASED APPROACH

The IPM team quickly recognized that any supply disruption of the recently approved product during integration would mean failure — especially for patients relying on these drugs.

Working closely with the executive sponsor, key stakeholders, and other project managers, IPM identified and secured resources to ensure effective and disciplined execution of all workstream activities.

Since product supply to the patient was a key component for success, the team developed a three-phased approach to the integration:

- **Value preservation:** maintaining customer supply and relationships, retaining sales force, and successfully executing the new product's launch
- **Risk mitigation:** conducting compliance training, examining the company's corporate governance approach, overseeing pharmacovigilance (collecting, monitoring, researching, assessing, and evaluating information on the new drug's performance), and project budgeting and resourcing

- **Value creation:** optimizing the supply chain, expanding sales territories, accelerating the product pipeline, and expanding into international markets

COORDINATING MANY STAKEHOLDERS

Successful integration of the new product line — and roll-out of the new drug — required the involvement of multiple departments throughout both organizations, each of which had its own unique hurdles to overcome in achieving a seamless transition. These departments included:

- **Back office, finance, IT:** A major obstacle was the acquired company's third-party customer service and distribution system and how data would be transmitted to the acquirer.

- **Supply chain, quality:** The external manufacturing team had to integrate other virtual manufacturing sites into its system.

- **Medical affairs:** Pharmacovigilance, product monitoring, and medical information functions had to be transferred to the acquiring company's systems.

- **Legal:** Before any of the new product's labeling, packaging, website, sales collateral, or call center scripts could be redesigned, the team had to extensively review the legal entity structures to determine the best course of action. The team also worked to ensure the acquired company met the acquirer's legal and compliance requirements, including sales force compliance training, vendor contract renegotiations, Patient Assistance Program reviews, and defined internal/external communication processes.

- **Marketing and sales:** The geographically dispersed sales force did not have time to travel to the acquiring company's headquarters for training, requiring close communication to the sales team to ensure they were properly versed on the new processes and systems. With the closing of the acquired company's home office, all marketing responsibilities would be transitioned from the acquired company's director to a senior product manager at the acquirer while launching the new product.

COMMUNICATION IS KEY

IPM and the stakeholders examined each of these areas and defined the best way to approach the necessary changes — an especially charged issue because of employee uncertainty during this ambiguous period. IPM endeavored to ensure that employees received regular communications to help them understand what was changing and how it would affect them.

An important part of that communication process involved working with the acquired company's sales representatives. Since they were classified as employees of the acquiring company, they had to immediately begin following different procedures and policies. IPM consultants worked directly with the sales force to overcome any issues that arose during the transition. To this end, IPM helped design tools to address the specific needs of the sales group. This portal provided immediate access to frequently used documents, contact lists, requirements, and policies.

STREAMLINING DATA, TRACKING TECHNOLOGY

Data integrity and the technology required to support the integration was also critical. IPM worked directly with the third-party logistics company and internal stakeholders to diagram the required data flow to support ongoing operations. To make the initial process practical, the team streamlined the vendor's daily data transfers, which were then fed into the financial system to share with the sales force. Ultimately, the team developed a solution that fully automated the data flow between all parties and incorporated multiple enhancements and reports requested by the sales force to increase efficiency.

To effectively and efficiently manage this complex integration, IPM developed and maintained realistic project/program schedules to help manage resources and improve planning process accuracy. The detailed schedules also improved cross-functional collaboration, improving the visibility of interdependencies, milestones, and deadlines. Finally, they enabled the team to track progress against the plan and communicate to all stakeholders, thus ensuring proper expectation management.

A SUCCESSFUL INTEGRATION

By project's end, IPM had facilitated transition activities for all workstreams and departments, helped stakeholders understand what was required for completion, created and implemented a plan that recognized interdependencies, and minimized risks and conflict.

By all measures, the integration was a success, with all business components transitioned on schedule, no disruption to patient supply, and sales for the launched products increasing 15 percent year over year.

Lessons Learned — From Employees

According to collated research by *Harvard Business Review*, the failure rate for mergers and acquisitions (M&A) sits between 70 percent and 90 percent.

Often, M&A mistakes result from a lack of clear strategy around the integration of employees from multiple locations and functions, and failure to communicate changes to all of management in a transparent and achievable way.

To pave the way for future acquisitions, IPM facilitated a "lessons learned" session on the role of dedicated oversight, planning, and communication in the integration process. The session included a survey of employees from both companies and found:

- **72 percent** rated the overall integration a success.
- **81 percent** said they felt involved in project decisions.
- **77 percent** of employees involved in weekly meetings deemed them effective.