



EURO RSCG HEALTHCARE- BUILDING A CATHEDRAL

A conversation with Hani Kafoury, Managing Director

Please, give us a brief history of your background, up to and including your current position as managing director.

Having graduated in psychology from McGill University, I worked at the Philippe Pinel Psychiatric Institute for almost three years, after which I decided to pursue a career in health care. Like many of us in the industry, I started by “carrying the bag.” I was with Bausch & Lomb (B & L) for six years in various functions, including sales, professional services, and marketing.

Then, at 29, I felt the need to see how things were done elsewhere in the world so I resigned from B & L and globetrotted for almost a year—combining work and travel. This trip, along with many others, changed my view of the world. How people in other parts of the world care for their health, access health-care services, and pay for them is as diverse as what they eat, how they work, and what they do for leisure.

Upon my return to Montreal, I spent 15 years working with multinationals, as well as with family-owned companies, such as Smith & Nephew, McKesson, Ratiopharm (formerly Technilab/AltiMed), and Bristol-Myers Squibb (Medical Device Division). I held various positions, including professional services manager, government affairs manager, senior director of marketing, and vice-president sales and marketing. Wanting to further expand my scope into the business of advertising and communication, I decided to join Euro RSCG Healthcare in Montreal as managing director.

How did your studies in psychology help you in your career and in your present job?

Initially, I thought a degree in psychology was somewhat useless in business. Boy, was I wrong! It became clear to me very early on in my career, that whether one is managing people, selling to customers or to senior manage-



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ment, or promoting a brand, psychology comes in very handy. It helps to break through the clutter and to help you get a better read on the best way to achieve the desired behavioural change. It is certainly very useful in the world of advertising, where success revolves, in great part, around creating the right perception and motivation.

Finally, I have seen many promising careers hindered or destroyed not so much due to the lack of knowledge, experience, or intellectual capacity, but more for lack of interpersonal skills and poor communication. As a cofacilitator for many years at Dale Carnegie, I witnessed countless people from all walks of life and professions, including executives, struggle with the very fundamentals of people management and communication. That was an eye-opener for me.

What types of challenges does your agency face in today's market?

Differentiation. Most agencies do a reasonable job of developing creative for pharmaceutical clients and pro-

viding overall client service. This challenge of differentiation is not limited to the agency world, however. Our clients and most industries are struggling to distance themselves from competitors.

There are three key reasons which are making it increasingly difficult to do this. First, from a technological standpoint, it's becoming increasingly difficult to develop and market new molecules that are significant improvements over currently marketed ones. We know that 80% to 85% of new pharmaceuticals being marketed are perceived by physicians as "me-too." The time during which a new molecule can exploit its competitive advantage has shrunk significantly over the last 20 years. Speed to market and market access have become—more than any other criteria—the success predictors for a new brand.

Second, agencies increasingly need to become sensitive to the gradual, but substantial, changes in the decision-making process around the choice of a brand. Concentrating exclusively on physicians is no longer an acceptable strategy. A whole host of other decision influencers are crowding the picture. Payors

and formularies are limiting the physician's choice more and more. At the other end of the spectrum, patients, consumers, and advocacy groups are increasingly knowledgeable and vocal about their role in decision making.

Our answer to this is multi-channel branding. It is a concept that takes the product's communications platform to a new, wider spectrum of audience, assuring awareness and preference among all the brand's decision influencers.

Finally, the increase of information, communication channels, and techniques has reached unprecedented levels of saturation for physicians. Selective attention has become a necessary part of any physician's survival and pharmaceutical companies have to wrestle with this on a daily basis. Almost half of physicians are refusing to see medical sales representatives. Senior executives at pharmaceutical companies would tell you that they spend an enormous amount of money, time, and energy trying to get their message through to health-care providers who either don't have the time to listen or simply don't have the motivation. And more advertising is not always the answer.

Now that's an interesting comment coming from an advertiser!

Well, it's true. Many companies, when confronted with sales challenges, will react in one of two ways: "Let's do more advertising because we need a higher share of voice" or "Let's cut advertising! It's a waste of money." Like the rabbi in the movie *Fiddler on the Roof* would say, "They are both right."

We believe that, first, one must understand the brand's goal, then see what is in the way of achieving or facilitating access to this goal, and, finally, look at the tools available to accomplish it. Advertising may or may not be a prominent solution.

The role of a good agency is to help the client find newer and better ways of communicating the right message, in the right way, through the right channels, and to the right audience. That's where Euro RSCG in Montreal will put into effect the concept of Creative Business Ideas® (CBIs). This is a new way of thinking that transcends the idea of an ad or detail aid. It entails looking at the brand and its environment holistically and providing our clients with an integrated and innovative approach to support and grow the brand through a com-

ination of public relations, direct-to-consumer (DTC) advertising, interactive media, continuing medical education, *etc.* As a matter of interest, our CEO, Bob Schmetterer, has released a book entitled "Leap" (www.eurorscg.com) discussing our network's success with CBIs on global brands like Intel, Volvo, Air France, Evian, and Yahoo.

What kind of changes, if any, do you anticipate over the next two to five years in the pharmaceutical industry?

Huge changes. And the rate of change will accelerate. Here are some of the most important trends:

1. Mergers will continue as pipelines are stretched.
2. There will be relatively fewer blockbusters launched and the ones that are will be more global brands.
3. The branding and strategy for these worldwide launches will be increasingly defined by global marketing. The resulting pressure on boutiques and national agencies is already evident.
4. There will be a resurgence of biotechnology as a growth area.
5. Pricing and market access will be among the major challenges for brands.
6. There will be a growing emphasis on pre-marketing, that is, on winning the battle before the battle.
7. Creativity will be increasingly defined in non-traditional terms. (The Euro RSCG mantra of CBIs, with its realization of the power of interactive marketing, is a good example of this trend.)
8. Despite the disproportionately stronger DTC regulations in Canada, the power of patients and consumers will continue to grow.
9. The role of the sales force will continue to change and evolve.
10. Accountability and quarterly reporting will put greater emphasis on short-term profits. However, I believe that the pendulum will swing too far in this respect and there will be realization of the importance of longer-term planning for return on investments.

What brands are you currently working on?

First, let me say we are not working on them, we are working with them. Currently our brands include Biaxin®, Celexa®, Kaletra®, Keppra®, Diovan®, Clozaril®, Neoral®, Nasonex®, and Starnoc®. Many of

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these we have launched and built into strong brands. We are very pleased to have Eli Lilly and Aventis join our group of select clients.

What is your approach to growing your business?

We are fortunate to have clients with strong brands and strong pipelines. Our primary focus is always to grow the brands we manage by delivering on CBIs, then earn the right to get new assignments.

We talked about building global brands and our network is working hard to secure global assignments that our local affiliates can benefit from. We have recently seen an example of this in Canada.

And, of course we allow for some capacity to add one or two new clients every year, as we did with Eli Lilly and Aventis this year.

How will the advent of branded DTC advertising affect your agency?

Actually, we have been, and still are, producing DTC campaigns with some of our clients. We see DTC in Canada as a growing trend, as patients and consumers in general are becoming much more involved in the decisions around the treatment of their ailments. We have the expertise and experience in-house to offer our clients integrated DTC campaigns via the Internet, newspapers, magazines, and television, and obviously within the current Canadian regulations as they pertain to DTC advertising.

What is the key to successful relations with your clients?

Staying a step ahead, understanding the brand, the challenges, and the opportunities, and developing CBIs to address them. At the same time, it is important to develop a trusting and solid relationship with our clients, one where they consider us strategic partners rather than mere suppliers.

How would you say Euro RSCG Montreal rated on all of these and what do you need to do to make sure you deliver on these critical success factors?

We've had our challenges in 2002. It was a very tough year for the pharmaceutical and agency industries worldwide. We have had to make some tough decisions, but the

major part of our reorganization is over and our focus is on our clients and their brands. Incidentally, there are significant changes coming within the identity of the Euro RSCG Healthcare network to help us stay a step ahead.

We will soon be changing our name from Euro RSCG Healthcare to Euro RSCG Life. This initiative is partly in recognition of the growing importance of patients and consumers in the communications mix and also a reflection of our broader, multi-channel approach to the market. We like to say that we bring "Life" to your brand's communications.

What differentiates Euro RSCG Healthcare from the other pharma agencies?

Nothing, yet everything. I could talk to you about the fact that we are part of a worldwide network, that we have quality and pharma-experienced account teams, that we have experience in a multitude of therapeutic classes, that our creative team has won numerous awards, but I would rather share with you our business philosophy and principles.

What is really unique is the quality relationship we have with each of our clients, one that is based on strong work ethics, openness, teamwork, and respect—the foundations on which we strive to build strong relationships and brands. The rest, which is as important, is the brick and mortar: therapeutic class knowledge, brand, market and PAAB knowledge, strategic input, and tactical and creative execution.

You've probably heard the story of the two masons laying down bricks. A passerby asks one what he is doing and the mason responds that he is building a wall. The passerby then asks the other mason the same question, and looking at the sky he says, "I am building a cathedral." I love that story because it really defines what we think, how we do business, how we lead our lives. At Euro RSCG, our aspiration is to help our clients build their business, not just sell their product. [CPM](#)