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October 2014



BioMarketing Insight Newsletter

Creating Markets and Marketing
Strategies

Dear Regina,

Welcome to BioMarketing Insight's monthly newsletter.

Last month I covered "My Experience with Shingles." If you missed last month's article, click [here](#) to read it. A suggestion came in to discuss the topic of outsourcing work to consulting firms and will be the topic of this month newsletter.

Read on to learn more about this topic and other current news. On the right are quick links to the topics covered in this month's newsletter. The next newsletter will be published on November 15th.

We encourage you to share this newsletter with your colleagues by using the social media icons at the top left, or by simply forwarding the newsletter via email.

Please email [me](#), Regina Au, if you have any questions, comments, or suggestions.

Sincerely,
Regina Au
Principal, Strategic Marketing Consultant
[BioMarketing Insight](#)

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Regulatory Challenges - Rapid Response

I'm pleased to announce that my article on regulatory challenges entitled "Rapid Response" has been published in the October 2014 issue in European Biopharmaceutical Review. To read an electronic version, please click [here](#), my article is on page 10. To learn more about EBR, click [here](#).



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Things to Consider When You're Planning to Outsource Work to a Consulting Firm

The practice of outsourcing business services and labor of almost every type continues to proliferate. Over the past 25 years, outsourcing has become a commonplace. Nevertheless, its use merits careful consideration, in addition to the project itself; the goals and expectations of the project; the time frame for project completion; and the budget. Let's look at a few things you should consider before you decide to outsource:



There are three main reasons for outsourcing:

- 1) Insufficient human capital to do the work, coupled with reluctance to increase your head count of full time employees because there may not be enough work to warrant hiring additional full -time employees.
- 2) Absence of in-house expertise. An outside expert may be more expensive upfront, but you'll save time and money in the long run.
- 3) Clinical trials protocols require that you must outsource the monitoring and analysis to a third party, to avoid biases.

The process of outsourcing can be time consuming and a little scary. Choosing the right person/firm to manage your important project or represent your company can feel like a high wire act. Your reputation is on the line. Seeking recommendations and referrals from friends and colleagues is the usual search method.

Whether you are using referrals or starting from scratch, there are a number of things to consider. These tips can apply to any expertise or service. Please remember this is a generality and may not

apply to all firms.

Before talking to consulting firms/individuals, be clear about the project- its goals, specifications, expected outcomes, deadline and budget. Assign a staff member to act as the project contact person. When the project is clear, it will not only help in assessing the firm/individual but it also creates the conditions for a successful completion of the project.

1) **Find the right fit** - Finding a firm is similar to hiring an employee. You want to make sure that you can work with this firm or person in terms of company culture and chemistry.

2) **Outsourcing locally, out of state, or out of the country** - regardless of the reason you are outsourcing, you want to go with the expertise first and cost second, or even third, after culture/chemistry. This expertise, along with cost, will determine whether you outsource locally, out of state, or out of the country. If the expertise can be found in all three geographic areas, choose local if budget permits.

a) Local - can manage the project better because you can meet with the firm face-to-face and interact with them at anytime.

b) Out of state - a little harder to manage project because you can't visit the person as easily as when they were local and there may be a time difference depending on where they are located.

c) Out of country - it is even more difficult to manage the project and to visit that person to check on things. The time difference is more complex to coordinate phone calls. There are also a language, culture and business barriers that you have to deal with in managing the work.

d) You may be tempted to go out of country because it may be less expensive; but if you add in all the expenses to visit the site, manage it long distance and the time spent to do all this, it may be more expensive overall and more of a headache should something go wrong. You lose control, the more long distance the situation. If you already have an established working relationship and trust this firm, then it may make sense to go out of state or out of country.

3) **Project based fee vs. hourly rate fee** - Some firms like to work by the project and some firms like to work on an hourly rate. Overall, it doesn't really matter which method is used and it's entirely what makes you and the company you are working with comfortable. There are some differences which are described below.

a) Project fee - project based work should include an outline of the following: 1) scope of project, 2) timeline, 3) deliverables, and 4) cost. The advantage of doing project based work is that everything is stated upfront, including cost for budgetary reasons and you don't have to worry about the cost going over budget unless the scope of the project changes.

b) Hourly rate - the disadvantage of doing an hourly based job is that you don't know the cost of the overall project, you can only estimate. Some people obsess over the amount of hours that may be billed for a project because cost is an issue if the budget is tight. Concerns about cost overruns may put a strain on the relationship between the company and the consulting firm.

Most work can be done on a project basis such as a one-off assignment, or a short term assignment (for example bookkeeping services or writing and distributing a press release) unless the work is something that is routine and needs to be done on a regular basis. Once this work becomes more long term, hiring a person full time may make more sense, since the hourly rate is higher and may equal to hiring a person with benefits.

Writing a project proposal takes time and effort, so please request a proposal from a consultant only when you are serious about outsourcing the work to that firm. If you are looking to get an idea of how much a project will cost, ask for a rough estimate. Consultants are happy to give information that helps you plan your project.

4) **Should you hire a big consulting firm?**

a) Some people like the big consulting firms because they have the reputation, they've been

around for a while and they have a lot of people to work on a project. But they tend to be more expensive.

b) While your main contact will be with an experienced professional, the actual work will be done by less experienced team members, with the experienced professional overseeing the project.

5) **Should you hire a small boutique/independent consultant?**

a) Others like boutique/independent consultants because they have a lot of industry experience (I like to say, been there, done that, made all the mistakes and now I can tell you how to do it the right way) and your contact will be doing or have "hands on" the work. Boutique firms tend to be less expensive because they have lower overhead expenses than big firms.

b) Some people may fear that hiring a small firm is risky. Maybe the company will go out of business or be unable to handle a large project? Today, the business model for most small or independent consulting firms is to work with other small consulting firms should extra help or expertise be needed. They form strategic relationships that ensure ready access to all necessary expertise and resources. It would ruin a firm's reputation to take on a project that could not be completed successfully.

6) **The difference between a permanent consultant, an interim consultant and a temporary consultant. This is my definition of these three types.**

a) Permanent consultants - these are the people who chose to be consultants as their career.

b) Interim consultants - these people are permanent consultants who will intermittently take a temporary position (upper management level like a VP or C suite in a small company) until the client company hires a permanent person. These are experienced people.

c) Temporary consultant - these people are consulting until they find a full time position in a company. This situation works well with companies that hire a contract worker who may be offered a full-time position, if things work out.

7) **Doing your due diligence** - The most important aspect when looking to hire a consultant is assessing their thought process. Please don't ask for a sample of their work, because confidential information can't be revealed (even with the name of the company redacted). Most work is customized to a particular company, and it is unreasonable to discredit a candidate because they honor client confidentiality best practices and therefore are unable to give you a sample of their work. You wouldn't want consultants sharing your confidential information with another company.

a) The thought process will reveal how experienced the consultant is in terms of their expertise and how or if they can help you solve your problem.

b) Having an in depth conversation with the consultant regarding what you want to accomplish is important and hearing their suggestions on how to accomplish it is all part of the thought process and experience of the consultant. What value would this individual bring to the company? You may hear a better or faster way of achieving your goals.

8) **Do consulting companies prefer not to work on small projects?** - a good consulting firm will accept all types of projects. If a firm can't do a small project, it might be because they are involved with a number of other projects at that time, but could accept an additional project if the hiring company can wait until a later date. Alternatively, the consulting company may refer that company to another consulting firm if the work has to be done immediately.

9) If you are responsible for choosing and managing consulting companies, but find that there is an unofficial preferred and non-preferred list, there may be a number of reasons for this.

a) Preferred list -

- i) The company has already established a good working relationship with this consulting firm.
- ii) This company came with a strong referral from management or someone highly respected.
- iii) Management may know someone they have worked with before in that company.

b) Non-preferred list -

i) The company had a bad experience with this firm

ii) The company may have heard negative things about this firm from a reputable source

iii) Someone may not like a person in that particular firm.

iv) Unknown entity - the company decision-maker cannot verify the firm or with a reference that s/he trusts and is afraid to take a chance on someone new.

Closing Thoughts

There are three main reasons (limited human capital, no in-house expertise and clinical trials) for outsourcing work to a consulting firm, but many reasons why you would choose one firm over another. Choosing a consulting firm is impacted by why you are outsourcing work, your preference and the chemistry between your company and the consulting firm. I've provided a brief overview of the types of consulting firms and the things to consider when choosing someone for your next outsourced project. Good luck and should you have any questions, feel free to contact me at 781-935-1462 or email me.

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Developing a Product ?

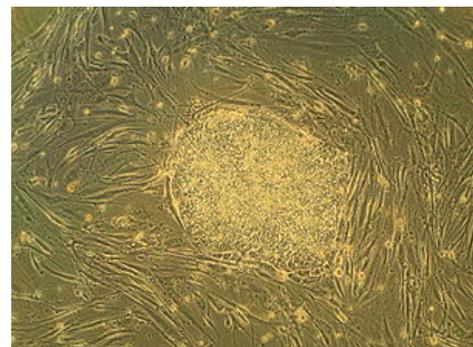


If you are developing a product and have not conducted the business due diligence to determine commercial viability or success, contact [me](#) for an appointment. For successful commercial adoption of your product, contact [me](#) for an appointment.

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New Technology - " Next-generation stem cells cleared for human trial"

Masayo Takahashi, an ophthalmologist at the RIKEN Center for Developmental Biology (CDB) in Kobe, Japan has developed a treatment for age-related macular degeneration using induced pluripotent stem (iPS) cells. A 70 year old Japanese woman will be the first recipient to receive this treatment. "Unlike embryonic stem cells, iPS cells are produced from adult cells, so they can be genetically tailored to each recipient. They are capable of becoming any cell type in the body, and have the potential to treat a wide range of diseases" according to an article in *Nature*.



Human embryonic stem cells in cell

There has been a lot of controversy around iPS cells in regards to its safety and stability or more specifically stimulus-triggered acquisition of pluripotency (STAP) cells in whether it is feasible or not. This team has performed safety tests to ensure safety and stability. To read the full article in *Nature*, click [here](#).

culture
Source: Wikipedia

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About BioMarketing Insight

We help companies de-risk their product development process by conducting the business due diligence to ensure that it is the right product for the right market and the market opportunity for the product meets the business goals of the company. We can then develop marketing strategies to drive adoption for the product.

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