

PHILIPS

A Corporate Case Study from Management Centre Europe

Philips Healthcare MRI: Defining A Common Marketing Language and Understanding to Solve Real Business Issues



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With a key focus on Health and Well-being, the global organization of Philips serves professional and consumer markets through three overlapping sectors: Healthcare, Lighting and Consumer Lifestyle. Throughout its portfolio, Philips demonstrates its innovation capacity by translating customer insights into meaningful technology and applications that improve the quality of people's lives.

Why Did Philips Healthcare MRI Contact MCE?

Given the nature of Philips' business and product portfolio, the company's marketing team has a range of differing skills and technical and scientific backgrounds. The team possesses an in-depth knowledge of the technical aspects of diagnostic imaging as well as of medical applications for a large variety of disease states and therapies.

Although the members of the marketing team are experts in their fields and contribute to the success of the business, the head of marketing at Philips Healthcare MRI wanted to improve the marketing skills of the team in order to better achieve the following long-term objectives:

- Increase marketing's impact on sales revenues and profits by improving the marketing mix throughout the entire life cycle of product offerings (pre-purchase, purchase and post-purchase)
- Improve support for global sales teams by creating a coherent and distinctive marketing approach and methodology

With these objectives in mind, Maurits Wolleswinkel, Senior Director Global Product Marketing Business Unit, Philips Healthcare MRI, approached Management Centre Europe (MCE) to develop a Custom-Made Solution for Philips Healthcare MRI. The decision to approach MCE was made on the basis of MCE's reputation, its global capabilities, and its ability to offer Custom-Made Solutions using people with extensive business experience to develop and deliver those solutions. What's more, Philips had worked with MCE in the past and were very happy with the collaboration.

Philips Healthcare is dedicated to providing solutions designed around the needs of its customers and patients. Philips believes it can make a difference by removing boundaries in healthcare with innovative and affordable technology solutions throughout the entire care cycle.

Philips Healthcare MRI (Magnetic Resonance Imaging) has gained a leading position in many countries. Its strategy is to sustain its global lead with specific focus on solutions for emerging markets.

More specifically, as Maurits Wolleswinkel stated: "We wanted to develop our people to be well-prepared for the challenges of the future. For our marketing team, we needed strategic concepts as well as a common marketing language that would be understood by everybody and shared throughout the organization."

The MCE Associate chosen to lead this project had relevant international business experience gained with major organizations in the healthcare industry. She had more than sixteen years of sales experience in medical device businesses and had led international marketing teams. Her achievements included building, restructuring and merging product portfolios and branding, market positioning and product life-cycle management.



How Did MCE Work With Philips Healthcare MRI?

Understanding And Analyzing The Situation And Deciding On The Right Custom-Made Solution For Philips Healthcare MRI

Discussions with Philips established the needs and requirements for the MRI marketing team as follows:

- to refresh and introduce new marketing concepts and theoretical frameworks* to help employees to deal with complexity, to focus on the right priorities and to structure their daily work
- to get the marketing team to talk the same marketing language. Most of this team were non-native English language speakers who had not had a formal marketing education. A consistent marketing vocabulary in the team would allow marketing to communicate more efficiently with each other and with global sales teams. This in turn would provide better support to achieve revenue targets as well as the required input for new product development.
- to offer a 'wider' thinking perspective to see the big strategic picture, and to think over and beyond products only

To ensure consistency with Philips' overall objectives, MCE was asked to base the content of its customized solution on work it had already done for the Philips marketing curriculum. This customized solution would have two key objectives:

- to solve 3 main Philips cases that were currently pending, and present and discuss the findings with Philips Healthcare MRI top management - for future application and implementation
- to take a marketing exam. As Maurits Wolleswinkel stated "I want them to pass this exam so that we all know where we stand in terms of general marketing knowledge and can possibly identify the gaps that we still have to fill. But I do not want theoreticians out of this. I want practical solutions. I want the team to understand that marketing concepts can help them in their jobs."

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"It has been a long time since I have heard such interesting presentations and so many creative ideas about how to solve our future business challenges...I am looking forward to seeing these proposals implemented. It will be great for our business. These are really new insights."

*Maurits Wolleswinkel, Senior Director Global Product Marketing Business Unit,
Philips Healthcare MRI.*

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The workshop would also deal with other issues specific to Philips Healthcare MRI, including:

- how to manage fragmented and varied healthcare structures in different countries
- managing stakeholder networks in healthcare purchasing decisions
- customer retention for a product portfolio with more than 8 years of useable life
- value propositions in complex business models involving capital expenditure devices and service contracts
- pricing for fast market introduction and long-term profitability

Development and Implementation Of The Solution For Philips Healthcare MRI

In line with MCE's approach the workshops would be practical, proactive, and as "real-life" as possible. Together with Maurits Wolleswinkel, the MCE Associate developed case studies to be worked on during the workshop using real data from Philip's databanks.

The Custom-Made Solution of this workshop for Philips Healthcare MRI took place in May 2009 and June 2009 (two one-week workshops).

Each day of the workshops covered specific marketing topics and allowed time to work on the Philips case studies in teams. The 15 people who attended the workshop were split into 3 teams of 5 to work on the 3 main Philips cases and an additional 3 cases. In order to prepare participants for the presentation of their marketing plan in front of senior management on day 9, specific parts of Philips' marketing plan were presented each day. In preparation for the exam on the final day, multiple choice questions were practiced at the end of each day.

In the time between the two parts of the workshop, participants completed their reading tasks and continued to work on their case studies.

One particular challenge was the necessity to change perspective depending on the task at hand. Most participants were experts in detailed technical and scientific work but needed to increase their capacity to see the "big picture". To help them, MCE developed specific slides to increase awareness of their current focus level and help them to change it if necessary. Throughout the workshop participants were reminded of their "zoom" level and to work on increasing their ability to take a "helicopter" perspective.

Results And Benefits For Philips Healthcare MRI

The workshop was considered to be a big success both by Philips and MCE. Maurits Wolleswinkel made a number of comments supporting both the relevance of the workshops and its achievements.

Participants showed an improved command of marketing terminology and understanding throughout the workshop. Maurits Wolleswinkel acknowledged this when he said: "I can hear and see

clearly just how much progress all of you have made and how much you have upgraded your marketing knowledge."

In particular, the presentation of the 3 main Philips Healthcare MRI cases stood out. Maurits Wolleswinkel was impressed: "It has been a long time since I have heard such interesting presentations and so many creative ideas about how to solve our future business challenges...I am looking forward to seeing these proposals implemented. It will be great for our business. These are really new insights."

* references were made to the book by P. Kotler and K.L. Keller: "Marketing Management", 13th edition, Pearson Education Inc., New Jersey, 2009.

Philips Healthcare

In 2007, Philip's healthcare business accounted for one third (34%) of Philips overall sales, making healthcare the company's 2nd largest contributor to sales (after Consumer Lifestyle) of Philips' product sectors.

Philip's professional healthcare offerings include diagnostic imaging systems, healthcare information technology solutions and patient monitoring. Philips also provides innovative solutions for the home that connect patients to their healthcare providers and support independent living for seniors and the chronically ill.

www.healthcare.philips.com

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