



High-Yield Methods
A world leader in Outside-In Process Design.

Outside-In Process: The New Path to Customer-Centricity

By Dick Lee, High-Yield Methods

Peter Drucker famously opined that the greatest risk to organizations was neither doing the right work wrong nor doing the wrong work, but not seeing or reacting to profound change occurring around us. Today, we're in such a period of transformational change, with a powerful confluence of forces driving up the power of customers in buyer-seller relationships—and correspondingly depressing the potential for sellers to stay competitive while putting their own interests ahead of customer interests.

That this change is occurring is almost beyond debate. But how to effectively respond to this sea change is not only a matter for debate, but a source of great frustration for sellers. Fortunately, a growing group of companies is showing the way by proactively treating the rise in customer power as an opportunity rather than a threat—and using an approach becoming known as "Outside-In Process" or just "Outside-In" to build bridges extending out to customers.

Gilead Sciences puts customers first

Since 1996, when it brought its first commercial product to market, Gilead Sciences has been among a group of companies providing pharmaceuticals to treat medical problems resulting from HIV-AIDS. But in 2006, Gilead leapt ahead of the pack by introducing a new drug developed not just for medical efficacy, but to improve quality of life for AIDS sufferers while also increasing patient compliance with following what had been an extraordinarily complex drug regimen.

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Gilead stepped outside of outcomes data and all the standard product development protocols to see medication through patient and physician eyes. And what it saw was patients taking its own "drug cocktail" in 17 different daily doses that required exact sequencing, including some via IV. And what Gilead also saw were patients unable to follow the regimen and falling off their medication as a result. Classic Outside-In vision through customers' eyes. And classic Outside-In customer problem identification that led to both a medical breakthrough and a customer breakthrough.

Adding value to customers in ways that add value back to the company

In 1996, Gilead introduced a "next phase" AIDS medication patients could take in a single daily dose. The new drug, Atripla, vastly improved patient quality of life. It vastly improved compliance. And it has given Gilead an 80% market share of medication prescribed to newly identified AIDS and HIV positive patients, despite introduction of directly competing, single dose products from larger competitors.

Atripla has dramatically grown Gilead's revenue, along with producing near 40% profit margins. Plus, manufacturing one medication is far less expensive than making 17, matching revenue gains with cost reduction. But Gilead was not finished. Since 2006, Gilead has introduced single dosage treatment for hepatitis-B patients, who had to follow a similarly complex medication schedule, and has initiated development of a similar medication for hepatitis-C.

Achieving customer-centricity

Through Outside-In, Gilead has become a customer-centric company specializing in quality of life and compliance as well as quality efficacious treatments. However, a common first reaction might be, "How obvious." And a second might be, "Nothing much to it."

Gilead did experience a blinding flash of the obvious. But untold numbers of "obvious" solutions to major customer problems go unnoticed because companies can't see through customer eyes—or are afraid to. Outside-In forces the issue by starting with the customer—not the product or the company or sales goals or profits.

"Nothing much to it?" Au contraire, there was a whole lot to it. Having helped many a company through this type of transformative change, I can reel off a list of likely barriers Gilead faced: reorganizing R&D to focus on drug delivery, a very different discipline than

