

7 Fundamentals to Building a Biopharma Budget

Building a commercialization budget is a critical step for any biopharma company looking to bring a new asset from the clinic to the market.

The budget is more than just numbers on a spreadsheet—it's a roadmap that aligns your organization, guides investment decisions, and sets realistic expectations for stakeholders. The act of building this budgetary roadmap will also lead to the question, how much do we need to spend where—and when?

Let's explore the key principles for developing a budget you can confidently defend, ensuring it meets both the strategic needs of your asset and the financial realities of your organization.



Why a Well-built Commercialization Budget Matters

The stakes are high. Early strategic planning is critical to fulfilling the vision of helping patients. Identifying what needs to be done when and with what resources informs critical company objectives such as clinical trial development, market access strategy, or health economics and outcomes research.

A thorough and effective biopharma budget does more than allocate resources—it lays the foundation for successful commercialization. And when change inevitably happens, the ability to make dynamic adjustments will have a lasting impact on long-term product success.

To get started:

- **Set Clear Priorities:** What are the must-haves for your company and asset to deliver a successful patient innovation? These key activities, objectives, investments, and timelines will determine and define your budget.
- **Align Stakeholders:** A detailed budget communicates the commercialization plan to internal teams and external partners, fostering alignment and collaboration.
- **Guide Resource Allocation:** It ensures that money is spent strategically and that every dollar is aligned with key objectives.
- **Enable Course Corrections:** A robust, stage-gated budget with appropriate checkpoints provides benchmarks against which progress can be measured, enabling timely adjustments to strategy or spend as new information emerges.

BIOPHARMA BUDGET FUNDAMENTALS

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Start with the End in Mind

Understanding the endpoint is critical. Ask yourself: What does success look like for your asset? Is it market leadership, a niche presence, or a successful partnership or acquisition? Define your goals upfront. Knowing your desired endpoint will inform all budgeting decisions, from the scope of your marketing campaigns to the size of your sales force.

For example, a product targeting a large, competitive market may require a substantial investment in sales infrastructure, whereas a niche, high-value asset might prioritize specialized marketing efforts and targeted sales teams.

2

Take a Phased Approach to Budgeting

Breaking down the commercialization process into distinct phases—such as clinical development, regulatory submission, pre-launch, launch, and post-launch—can make budgeting more manageable. Each phase will have specific objectives and resource requirements.

- **Clinical Development and Regulatory Submission:** Focus here will primarily be on clinical trial costs, regulatory submission fees, and the beginning of market access and reimbursement planning. Understanding these early costs sets the stage for building a credible overall budget.
- **Pre-launch Preparation:** As you near regulatory approval, begin allocating budget for hiring key personnel (like sales and medical affairs teams), developing educational materials, and establishing relationships with key opinion leaders (KOLs).
- **Launch and Post-launch:** This phase often represents the most substantial expenditure, with significant investment in marketing, sales force expansion, and market access efforts to ensure rapid uptake and coverage.

3 Detail Every Line Item

When building a budget, detail is crucial. This isn't the time for broad estimates—every assumption should be based on market assessment and research as well as data and benchmarks from similar products. Break down each category:

- **Marketing:** Allocate funds for branding, digital and traditional advertising, PR, conferences, and other awareness-generating activities.
- **Sales Force:** Determine the size of the sales team based on target geographies and market potential. Include costs for training, compensation, travel, and ongoing support.
- **Market Access:** Budget for payer research, health economics and outcomes research (HEOR), pricing strategy, and negotiation efforts.
- **Medical Affairs:** Consider the costs of medical science liaison (MSL) teams, scientific publications, and engagement with healthcare professionals.

4 Ground Your Budget in Reality with Benchmarks and Assumptions

Use industry benchmarks to guide your budgeting. Understand what competitors have spent in similar therapeutic areas and market conditions. However, be ready to adjust these benchmarks based on the unique characteristics of your asset and market landscape.

Assumptions must be transparent and justifiable. For example, if you assume a particular market penetration rate, provide evidence for why that rate is achievable. Support your assumptions with market research, past product performance, or expert insights.

5 Plan for the Unexpected

Market conditions, regulatory landscapes, and competitive dynamics can change rapidly. Build contingency funds into your budget to accommodate unexpected challenges or opportunities. Flexibility is key; being prepared for shifts can mean the difference between maintaining momentum and costly delays.

6 Review and Adjust Regularly

A budget is a living document. Regularly review actual spend against budgeted amounts and adjust as necessary. As new data becomes available, whether from market feedback, clinical trials, or competitive actions, be ready to pivot. This agility can maximize your chances of success and optimize your spending.

7 Engage Stakeholders Early and Often

Building and defending a budget is not a solitary exercise. Engage key stakeholders across departments—R&D, marketing, sales, finance, and medical affairs—to gain diverse perspectives. Their insights can help ensure the budget is realistic and covers all critical areas. Furthermore, early engagement helps build buy-in, making it easier to defend the budget when questioned.

CONCLUSION

Creating a commercialization budget is about more than just crunching numbers. It's about understanding the market, anticipating needs, and making informed decisions that align with your strategic goals. Detailed planning, appropriately timed benchmarks, engaged stakeholders and key opinion leaders, and built-in flexibility, are all critical fundamentals of creating a defensible and effective roadmap for bringing your biopharma asset successfully to market.

Remember, a strong budget reflects a strong strategy—it provides clarity, drives action, and, most importantly, helps to navigate the complexities of commercialization with confidence.

This guide offers a step-by-step approach to building a defensible commercialization budget that reflects strategic goals and market realities, with practical tips and best practices for biopharma companies.

For information on how Corval can build your pharma launch strategy including a detailed budget and hiring plan, reach out today.

