



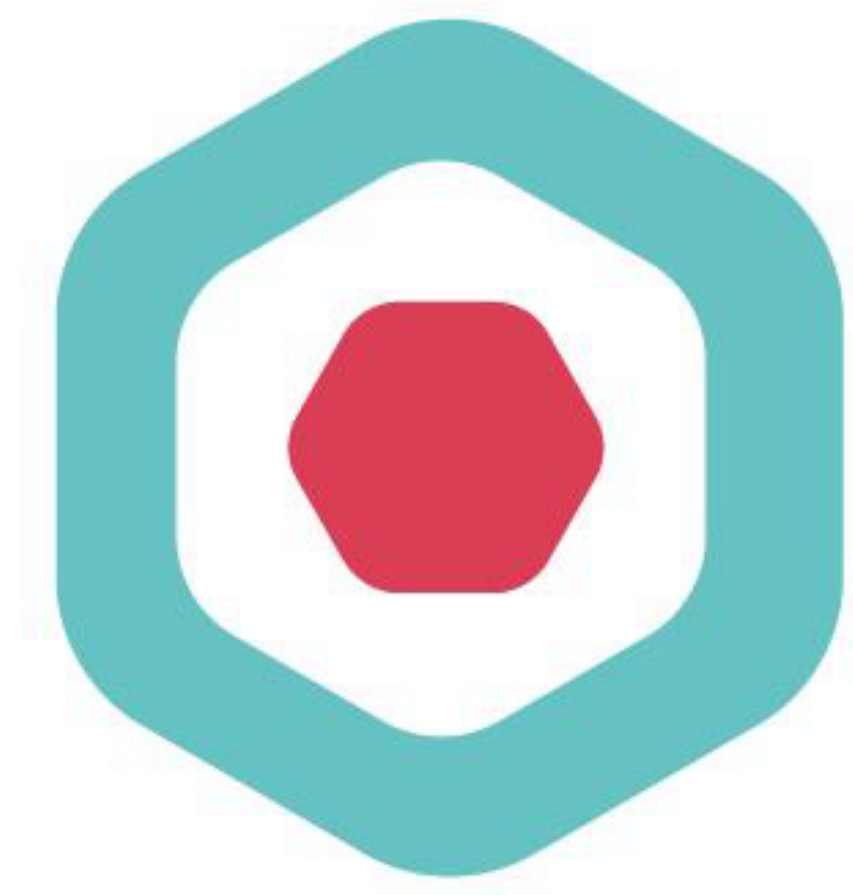
NAVIGATING PHARMA BUDGET SEASON

Three Principles to Align Strategy and Financial Planning

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Budgeting is a vital discipline, and costs genuinely matter.



Budget season can be painful for even the most seasoned pharma leaders. One cause for undue stress is focusing too much on the numbers or individual line items before aligning the team on the bigger picture.

No matter where the numbers are in a budget document, many senior leaders go there first. Their refrains are all too familiar: “That total is way too high. Drop it by 10%.” Or: “How could we possibly spend \$X on market research? I have a friend who...”

Of course, budgeting is a vital discipline, and costs genuinely matter. But this kind of numbers-first thinking derails many pharma teams if they don’t have a strategic story to tell. There’s a better way to manage the financial output. Here are three principles to try:



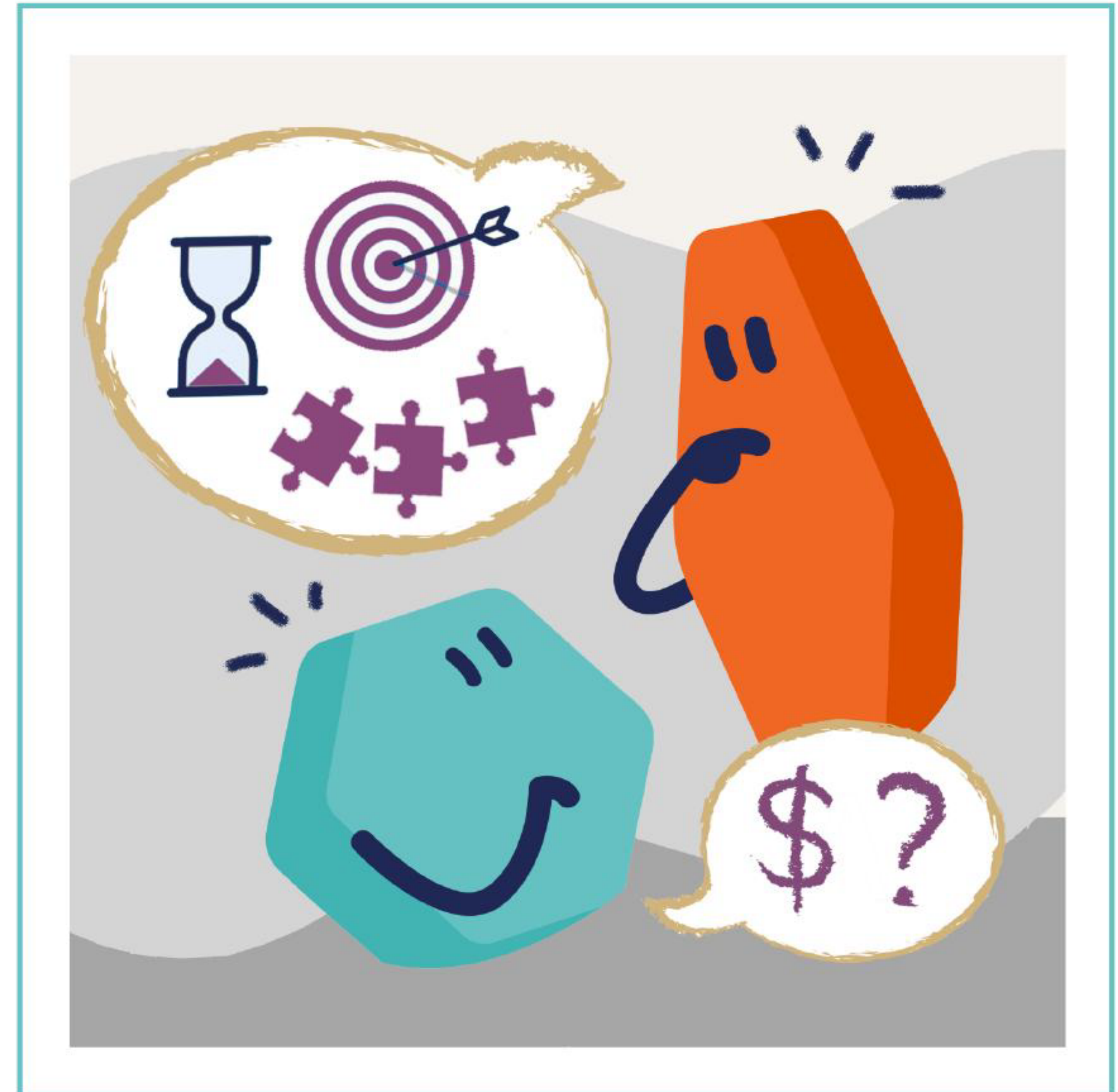


1 Align on Strategy, Objectives, and Priorities

Whenever possible, align the audience on the strategy, objectives, and priorities for a plan or program—including any related assumptions. This way, the conversation can be about the strategy or objective rather than the number. Often, it's better to hold the view of the dollars until this alignment takes place since the agreement regarding your intention should guide your investment. For example, if your team wants to be THE leader in a category, that investment will be different than if you know you will be the fifth in line with modest differentiation.

Achieving alignment early on creates a North Star for your team so you can better manage shifting timelines and emerging data. When disruptions happen, many teams default to the knee-jerk response, “How does this impact the budget?” It's far better to say, “With this new timeline, our strategy has shifted,” or “Nothing has changed on the strategy, but the timing of the costs will be different.”

2 Speak the Same Language



Finance colleagues are trained to look at numbers, and we are grateful to them for that. We need to ensure they understand the plan first and the numbers second. If they focus only on the numbers and deem them too high, the budget justification could stall. So, what's a functional or program leader to do?

Savvy leaders earn credibility by connecting the dots for their counterparts in finance. They understand the company strategy, build their plan, and align the numbers to that plan. They create communication tools to convey the strategy and budget to both internal and external stakeholders. By framing the budget in the context of strategic goals, they foster better understanding and support for their financial requests.

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