



## Small Pharma

**Evolving from a drug sales company into a value-added reseller, Atley Pharmaceuticals is experiencing unprecedented growth. But its founder is determined to preserve the frugality and professionalism that gives his company its edge.**

*By Peter Galuszka*

**"D**on't let me see you yawn in this room. If I see you yawn, you'll be on the next plane home. People who are committed to their profession, focused on accomplishing their goals and are enthusiastic about meeting customers need have the energy to succeed every day. You don't see a running back yawn while bursting through a defensive line; you don't see an Atley salesperson yawn when speaking with a customer."

John Henry Attkisson maintains a stern demeanor as he continues his no-nonsense orientation talk. Fourteen conservatively dressed men and women pay rapt attention at the Atley Pharmaceuticals, Inc. sales training program. At one point, a cell telephone in a woman's purse starts to ring. She looks terrified but keeps her cool as she quickly shuts it off.

Attkisson ignores the cell phone as he lays out what it takes to sell for Atley. Personal appearance is critical. No facial hair. Dark suits and white shirts for men. No low-cut blouses or mini-skirts for women. "We sell pharmaceuticals and nothing else," he says with conviction. The point is to be courteous and

professional, and become the most respected drug salesperson in a particular territory. Attitude separates mediocrity from excellence."

Indeed, positive attitude and high standards are the very essence of Atley Pharmaceuticals, a small but growing drug company operating out of a three-year-old headquarters building in the woods north of Ashland. Atley sells a line of affordable drugs -- Atuss, QDall and Sudal -- that relieve symptoms related to cough, colds, allergies and pain, and provide unique benefits, such as special time-release mechanisms, that the big pharmaceutical firms don't match.

Atley charges about one-third to one-half of what the major pharmaceuticals do for comparable products. "The company can do that," says Senior Vice President Dave Hajek, "because its own cost-structure is so lean -- a result of focused and appropriate marketing, no company-owned laboratories and a bare-bones sales staff."

The company's strategy is to invest in innovative drug-delivery technologies that optimize the effect of molecules that are known to be safe and effective. For instance, Atley formulates its QDALL allergy and cold

medicine so it needs to be taken only once a day. The drug delivers an antihistamine and a decongestant during the day but only the antihistamine at night, allowing the cold sufferer to stay on the job and get a good night's rest. "What's more, QDALL only has 100 milligrams of pseudoephedrine, while other brands may have up to 240 milligrams," says Hajek. "The distinction is important because it gives doctors and patients more options and the ability to tailor therapy to the unique needs of each patient."

"Atley is an exciting company," says Dr. William H. Barr, Professor of Pharmacy at the VCU Medical Center, who is conducting research that should help better understand how certain medicines are absorbed in the gastrointestinal tract. "They are very aggressive and are expanding very rapidly."

**T**he corporate model is brain-child of Attkisson, who spent years on the road as a drug salesman. Giving that up in 1993, he, his wife Elizabeth, and another man founded Atley. The privately held company now has 80 workers, including 64 drug sales representatives. Operating in 18 states, mostly in the Southeast, they are now ramping up by hiring about 14 salespeople each quarter in the coming year so they can have a national reach.

Attkisson's salad days in the field gave him very clear ideas about how he wants his company to operate. His is a decidedly no-frills approach. The

company has a 20,000-square-foot headquarters building and a warehouse a few miles away. There are no drug labs, saving a potentially enormous cost. Atley's research and development work is outsourced, with Virginia Commonwealth University helping with much of the lab work.

Atley's marketing strategy places the company as an underdog. The big drug companies, Attkisson believes, spend millions in unneeded marketing: inducing doctors to buy their products by offering them vacations, fine dining and other extravagances. "They spend millions of dollars in unneeded marketing expenses trying to induce doctors to prescribe their products and in direct-to-consumer advertising trying to encourage consumers to ask their physicians for a specific prescription. All the while, sick people are stuck with prescription bills that are higher than they need be."

Attkisson shuns publicity and wins sales through hard work and reputation. Atley reps offer doctors limited samples and rely on personal relations for more sales. Salespeople, who must adhere to Attkisson's strict codes, work strictly for commissions and use their own cars. As the company's website puts it: "Atley's emphasis on traditional values is a reflection of the owners' belief that the company has an obligation to providers to treat their time as an important asset and [ensure] that they and their patients benefit from interactions with sales people."

Providing differentiated products at low cost is another part of the Atley mantra. The company positions itself between big pharma companies and low-end generic manufacturers. The pharmaceutical giants spend hundreds of millions of dollars

on laboratories, researchers and up to 12 years developing new drugs that they hope will some day be billion-dollar sellers. At the other end of the spectrum are generic drug makers who often sell brand-name drugs stripped down to their essential compounds.

"Atley is somewhat in the middle," says Jim McDermott, vice president of product development and marketing. "Our plan is to leverage drug-delivery technology and reformulate molecules that are known to be safe and effective in order to improve their value to patients." Eventually, Atley would like to develop compounds whose active ingredients have never been sold in the United States.

For now, Attkisson plans to stick to cough and cold medicines because it is a lucrative niche. The company is exploring more ways to use time-release in more sophisticated ways. "We'll go more deeply in those areas," says McDermott. "We'll have more complex products."

Dr. Barr at VCU says that new research involves using percutaneous tubes to study how much medicine collects in a patient's colon to gain a better understanding of how medicine is absorbed by the blood stream. VCU Medical Center is involved in such research, Barr says. At some point, he adds, the company might use new facilities at the Virginia Bio Technology Research Park near VCU's medical campus.

**A**tley has found its location in the Greater Richmond area to be a blessing for its business. The presence of VCU, with all of its resources, was a tremendous boost. "It was a Godsend to have them here in our backyard," says Hajek.

The company uses the home base for more than R&D. Most of the companies that serve Atley - financial services, law firms, accountants and logistics -- are located in the Greater Richmond area or in Virginia.

Atley's expansion plans are based on a bigger sales team. That's why the normally reserved Attkisson puts a big personal footprint on developing sales talent. "Most people fail because they underestimate their ability," he tells trainees. Atley employees "obtain and sustain a level of commitment that you have yet to experience."

Attkisson gives them one example. When he was struggling through the early years of getting his company going, he was on the road selling its drugs. He wanted to break in the Hopewell market and pharmacists told him that one particular physician held sway for what sold in town. The doctor, however, was famous for being impervious to drug "detail men" or salespeople.

Attkisson says he made monthly calls on the doctor's receptionist for two years. Each time, he was unfailingly polite, but got nowhere. One summer day he paid his usual call and noticed that the office was very hot. The receptionist said the air conditioning was broken and that the doctor was on the roof working on it with a repairman.

As he left, Attkisson saw a ladder going up to the roof. He pondered the consequences, took a swallow and climbed up the ladder where he introduced himself to the doctor and made his pitch. He finally got his sale.

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