

TOPICAL FEATURE

PART 3 IN A 3-PART SERIES

The Business of Medical Writing: Financial Acumen

Joan Affleck, MBA; Dominic De Bellis, PhD¹; Brian Bass, MWC²; and Jeanette M. Towles, MA, RAC-Drugs³ /

¹Merck & Co, Inc, Rahway, NJ; ²Bass Global, Inc, Fort Myers, FL; ³Synterex, Inc, Dedham, MA

ABSTRACT

A high-performing medical writing team begins and ends with talented writers, editors, and leaders who understand their mission and their business. A panel of writers comprising the authors convened virtually on October 28, 2021, at the American Medical Writers Association national conference to discuss this topic. The topics of value proposition and business models; communication, leadership, and corporate responsibility; and financial acumen are reprised in this 3-part series. The series also includes thoughts from the authors looking to the future of the business of medical writing, including what we can do in the medical writing community to introduce these topics earlier in the medical writing career path. This Part 3 manuscript focuses on financial acumen.

A high-performing medical writing team begins and ends with talented writers, editors, and leaders who understand their mission and their business: the value proposition, the finances that drive strategy and decision-making, the financial goals, and effective communication.

A panel of writers comprising the authors convened virtually on October 28, 2021, at the American Medical Writers Association (AMWA) national conference to discuss this theme.¹

The topics of value proposition and business models²; communication, leadership, and corporate responsibility³; and financial acumen are reprised in this three-part series, along with thoughts from the authors looking to the future of the business of medical writing, including what we can do in the medical writing community to introduce these topics earlier in the medical writing career path. This Part 3 manuscript focuses on the importance of financial acumen and mastering fundamental financial concepts.

The authors' collective experience comprises the following medical writing work environments:

- Freelance business
- Small business/vendor

- Department leadership of small- to mid-size biotech company and large-sized pharmaceutical company

The moderator's (Joan Affleck - JA) prompt is provided for each topic, followed by each perspective on the topic. In some cases, text from the session has been paraphrased for optimal clarity in this medium.

FINANCIALS

JA: *When we talk about success in business, a lot of times we talk—or think—about the money. I want to spend a few minutes to talk about money: cash flow, balance sheets, quarterly earnings, budget forecasting. These are terms that many medical writers are not really familiar with and don't have a lot of practice with. So I would love to hear how you learned about those terms and practices and became comfortable with the financial aspects of business.*

DD: Well, I don't know if I ever became comfortable with them, but I certainly had to figure out how to work with them. It was really out of necessity when I started my business many years ago. And it was really to understand what made the whole thing a business—what defined a business legally and practically, how did you have to report your earnings, your obligations under tax requirements, and so on. There was a lot of education that had to happen because I came to [business] as a scientist from the bench; I didn't have business training. I learned from the ground up, by my bootstraps, found a good accountant, and certainly asked many, many questions. At the end of the day it really comes down to—especially in the freelance setting—understanding (1) what you can do in a unit of time and how to translate that into successful project work for a client maintaining quality at a certain cycle time and (2) how fast can you do the work well and maintain things to keep it profitable. We are providing a business product in a business setting, and the product is a written document; so, you need to think about that all at once—you can't really separate one from the other and hope for long-term success.

BB: I'd love to say I learned from the best. But really, I learned from the worst. I always learn more from my mistakes than I do from my successes; I analyze them deeper to understand what went wrong. I have a long history, before working for myself, of working for small companies—and I worked for great people, brilliant people, nice people, talented people, but none of them knew how to run businesses. As I sit here today, out of all the companies I have worked for in my life, only two are still in business, and I'm glad to say that one of them is mine. What I've done is pay attention to the mistakes that people made that led to downfalls. And one of the big ones that I see—and I think this crosses the board from freelance to people who work on staff—is [continuity]: the direct link between how much you get done, how well you do it, and your ability to be able to keep doing it and generate revenue (Figure 1).

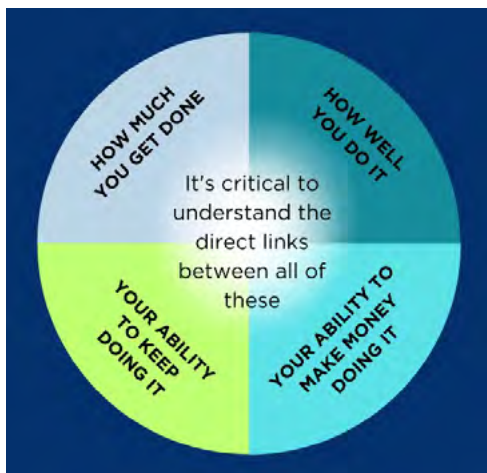


Figure 1. Linkage between productivity and revenue.

When you work for a company, it can be a little easier to lose track of this direct link between your productivity and your ability to get a paycheck because there are so many other people factoring into that ability to get the paycheck. As freelancers, especially if you work independently, if you don't work today, you don't get paid tomorrow; if you take a week off, it makes things a little bit harder next month when you don't have the same amount of revenue coming in. But where I see a challenge on the staff side is that many staff people lose that continuity. A lot of companies that have been my clients in the past have ultimately not succeeded because they spent so much more time working on projects than they had been scoped for. Yes, those projects turned out to be absolutely fantastic, but the company wasn't able to keep paying salaries at the end of the year or a couple of years down the line; it does have a ripple effect.

JA: *Even in our shop it does. Jeanette, how about for you?*

JT: My first exposure was right before I started the business. I was in-house, happily writing, and my boss stepped away from the department, unfortunately. So I pretty quickly found myself in a position where I basically had no context for the financial aspects of the department; I had to step in and be able to produce things like quarterly reforecasting and an annual budget, and lots of other fun things, so it was really a feet-to-the-fire moment for me. I learned a lot in that process but also enough to know that it's not really the best way for people to learn that type of material; gradual exposure to it in a context where you can really understand how it connects to the day-to-day would be a much-preferred approach. So, fast-forward a few years to starting my own business and having to look at the balance sheet and all that: I really tried to take some of those concepts and infuse them into my operational team so that they understand. Just as an example, we have to look at time sheets, and anything that is marked as nonbillable, we need to actually make sure is nonbillable and check on why—or if that is something that is supposed to be billed to a project. Because, as Brian mentioned, if you don't check on those things, something that should be profitable can become unprofitable quickly, so you want your staff to really understand what that's about—that you really do need to look at things at that level of detail in order to be responsible about the company.

DD: Jeanette, that's a key point: in your company, you've decided proactively to really break down that barrier and share that information across your staff. Brian, you have to do that by design—that's what you follow to really manage the company's activities day-to-day. For me, we have some visibility into those things, but the company has a whole finance department that handles that information, and they don't often tell us the specific things that might or might not be helpful for us to know. It's hard sometimes in-house to see clearly without [such] visibility, so that's a challenge we have. Overall, we know what makes for a good product, and we know what makes for efficiencies—and we hope that indirectly we are making a positive impact.

JA: *I think one of the key areas in talking about productivity and utilization is to get our staff comfortable with those terms and that it's not a threat to talk about those things; it's part of business because we have to be good financial stewards and good stewards of our people—our resources—as well. Any tips on how to do that? Dom, you mentioned being transparent about it. (Figure 2)*

DD: Yes, knowing what questions to ask about financial aspects is important, and I'm not sure if all medical writers ever really have the opportunity to figure out what they



Figure 2. Utilization means ensuring the expected amount of revenue is generated compared with all available billable hours in a time period while accounting for indirect and direct overhead costs.⁴

don't know [through discussion]. They'd have to think about that and say, "I can balance my checkbook, but if I'm writing a protocol, what does it really cost if we have to amend the document?" Understanding what those data are and what goes into the operational aspects of a clinical study, for example, are critical. Just thinking about [a clinical study] as a commodity really brings home the business component. We have to remind the writers to put their pens down and look around them and say, "We're in business, too."



BB: I spend a lot of time mentoring freelancers on the business aspects of freelancing. One of the biggest and most frequent questions that comes up is around estimating projects. I work on a project basis rather than on an hourly-rate basis, which is what drives that question. But it's interesting when someone comes to me with project parameters and they want to know how much they should charge. To me, that's not the question at all, and I get back to them with about 20 questions on the minuscule aspects of the project and the deliverable in order to wrap my mind around putting together that estimate. This is a muscle that freelancers need to constantly strengthen. When the questions you need to get answered to put an estimate together come naturally, that's when you're able to really estimate on a reliable and accurate basis.

JT: I've noticed a continuity between the freelance and the in-house experience [in terms of] the concept of accruals. Not only, prospectively, How much do you think this will take? But now that you've done it, Where are we with this? Sometimes there is a disconnect with the finance department not really understanding how much of the project is actually complete. Especially if the company is in a position where they are about to do an IPO or something like that, they might be tracking things down to the dollar, and so sometimes on both sides of the fence, I've had to provide information about things like, if the project is a unit, it's one-third done, and here's where I think we will be next month. This requires communication with whoever you are partnering with, whether that's in-house staff or a vendor, to know exactly where things are and if any difficulties have come up, in order to be accurate.

JA: *I love that comment, Jeanette, and the idea of using these muscles in the corporate setting because, as Dom said, there are often other people—other departments—that have this as their primary work, [but] for writers, it's like a whole different sport. We haven't used those muscles at all! So it's a real call to action and embedding in our practice the idea of forecasting but then looking at the accruals. Great comments!*

LOOKING TOWARD THE FUTURE

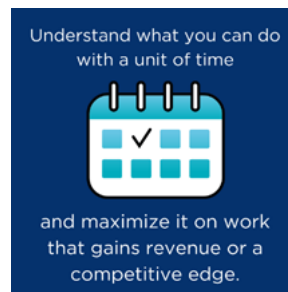
In Part 1 of this 3-part series, the authors discussed how this panel was an initial dialogue meant to "kick off a broader discussion of the many aspects of business leadership as it applies to our work as medical communicators."¹ The authors concluded that having a comprehensive business curriculum—namely, a pathway whereby medical writers can readily learn the skills needed to demonstrate leadership while also participating in decision-making activities

earlier in their careers—would benefit the writer toward the goal of developing a strategic mindset while learning fundamental business strategies and skills.²

In today's dynamic business environment, the ability for employees at all levels to interpret key financial indicators is more crucial than ever. Financial snapshots such as quarterly earnings reports provide invaluable insight into the health and trajectory of an organization. When employees have financial literacy baked into their corporate culture, they can not only grasp the current financial standing of the company but also gain a clearer vision of its future prospects and challenges.⁵ This understanding empowers employees to make informed decisions in their respective roles, align their strategies with their company's objectives, contribute more effectively to the company's overall success, and, as a result, fuel their own success as well. Fostering financial literacy across all tiers of the organization can be a game-changer in steering its direction and ensuring sustained growth. An employee's ability to see the bigger financial picture can also be a boon to their career development, no matter what career path the employee ultimately chooses.

An important component of financial literacy within the corporate culture is fostering an understanding of where and how revenue is generated, and developing a clear picture of how each employee contributes to that process. Cash flow represents the lifeblood of a business,⁶ and a healthy business should have enough cash flow to meet its expenses, repay debts, reward investors, and fuel growth. For a freelancer or small medical writing business owner, the goal would be to balance necessary nonbillable tasks with billable ones. Additionally, after a certain point, freelancers and small business owners may bring on vendors or partners to help maximize what they do best, which is generating revenue based on subject matter expertise and getting customers to return for repeat business.³ For employees whose work contributes directly to the bottom line, this metric is otherwise known as utilization⁴ (Figure 2)—in other words, a calculation that ensures a resource is contributing the expected amount of revenue compared with all available billable hours in a time period while accounting for their indirect and direct overhead costs. Examining this metric can help a freelancer or service provider understand whether they are charging enough for services, whether there is an appropriate number of staff, and whether the desired profit margin will be achieved. For an in-house writer, the concept of utilization differs slightly from the freelance or service provider scenario in that they are not directly generating revenue. However, most people in industry would agree that medical writers essentially sit in a place of revenue enablement (for example, medicinal products cannot get to market without documentation support for key clinical and regulatory stakeholders, and clinicians need to know about the results of clinical studies to determine

a new treatment's place within the current armamentarium). Thus, utilization can be considered in a similar light in terms of how much time medical writing employees are investing on documents directly in support of revenue-enabling activities compared with purely administrative overhead. It all boils down to understanding what you can do with a unit of time and maximizing that contribution no matter the business model to help the company gain a competitive edge.^{2,3}



The importance of understanding business concepts for all medical writers cannot be overstated, as it enables them to make informed decisions and drive their organizations toward success even in the face of volatility or change. Pairing training in general accounting and financial concepts such as accounting methodology (accrual vs cash methods), financial software, budgeting, forecasting, interpreting financial statements, and bookkeeping, and specific training on the revenue generation, cash flow, and other relevant financial overview of the company, with a goal toward a broad culture of financial literacy, can help all medical writers (freelance and staff alike) allocate resources efficiently, assess performance, and ensure the sustainability of their businesses or departments.

Author declarations and disclosures: D. De Bellis is employed by Merck & Co, Inc, and is a shareholder. J. Affleck, B. Bass, and J. Towles note no commercial associations that may pose a conflict of interest in relation to this article.

Author contact: jtowles@synterex.com

References

1. AMWA 2021 Medical Writing & Communication Conference registration brochure. AMWA; 2021. Accessed July 26, 2022. https://cdn.ymaws.com/www.amwa.org/resource/resmgr/conference/2021/2021amwa_conf_program_june15.pdf
2. Affleck J, De Bellis D, Bass B, Towles J. The business of medical writing: understanding the value proposition and successful business models [part 1 in a 3-part series]. *AMWA J*. 2023;38(2):21-25. <https://doi.org/10.55752/amwa.2023.197>
3. Affleck J, De Bellis D, Bass B, Towles J. The business of medical writing: communication, leadership, and corporate responsibility [part 2 in a 3-part series]. *AMWA J*. 2023;38(4):20-26. <https://doi.org/10.55752/amwa.2023.273>
4. Smartsheet. Everything you need to know about utilization rates. Accessed July 26, 2023. <https://www.smartsheet.com/content/what-is-utilization-rate-formula>
5. Webb S. Why you should make financial literacy part of your company culture. *Forbes*. September 18, 2020. Accessed July 26, 2023. <https://www.forbes.com/sites/forbesfinancecouncil/2020/09/18/why-you-should-make-financial-literacy-part-of-your-company-culture/?sh=6b0b85aa2c39>
6. Thangavelu P. Why cash management is key to business success. *Investopedia*. Updated December 26, 2022. Accessed July 26, 2023. <https://www.investopedia.com/articles/investing/041515/why-cash-management-key-business-success.asp>