

Innovative Approaches to Sales Force Models

Restructuring/Building a New Sales Force Organization

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Objectives

- Review approaches to sizing/alignment
 - Benefits & limitations of each
- Discuss coordinating model use/terminology
- Case example
- Implication on preparation & development of reps based on the type of sizing approach used
- Useful learnings from modeling approaches

Overview

Modeling:

- ✓ Goals?
- ✓ Information sources?
- ✓ Measurement metrics?
 - ✓ Judging performance
- ✓ Roles, responsibilities & impact
- ✓ Models & Uses
- ✓ Integration: CRM; Marketing; Medical; Others
- ✓ Uniformity across affiliates

Modeling Goals

Why should you model?

- ✓ New or expansion
- ✓ As a tool to assure alignment of goals
- ✓ Your not meeting or think you can yet achieve higher sales due to:
 - ✓ Not enough people
 - ✓ In the wrong configuration
- ✓ Changing market dynamics
 - ✓ New or increased competition
 - ✓ New indications/studies

Modeling – How Often?

- How volatile are your markets?
- Can you anticipate change and if so how far ahead?
- Do you have data available and how often?
- Suggest you set a standard timing of 12-18 month cycles

Modeling Information Sources

- Internal?
- Purchased?
- Reliability?
- What do you need you don't have?
- Do the sources allow you to model the corporate goals?
- Are department goals aligned?

Modeling Measurement Metrics

- What are you going to measure to determine whether the sizing works?
- What are the information sources?
- What:
 - Is the frequency of evaluation?
 - What do the reports look like?
- How is the information going to be used and by who?
- What's the plan if it isn't working right?

Roles, Responsibilities & Impact

- Modeling without agreement on expectations, who does what, when and why is of little use
- Agreement on R&R's dictates the type of people and their skill sets
- People and skills make or break the model
- Coordination before beginning the modeling process is mandatory for success

Sizing Models & Uses

- Reach & Frequency
- Activity
- Population
- Workload
- ROI
- Blended

Reach & Frequency Model

- Identify the target universe you want to cover (doctors, nurses, clinics, hospitals, etc.)
- Determine a desired (attainable) call frequency for each contact of the target universe (1x per week? 1x per month? 6x per year? Etc.)
- Define the number of calls/contacts each person can reasonably make each day
- Calculate the number of reps needed

Strengths/Weaknesses: One of the most commonly used. Allows simple creation of a call plan that can be tracked and measured. Requires accurate data.

Workload Model

- Define activities (calls; displays; meetings, etc.)
- For each of the activities define the amount of time required.
- Define the frequency of the activities
- Define the number of hours per day or available to work
- Define the number of work days available per year (this usually comes out between 180 and 200 days)

Strengths/Weaknesses: Let's you measure results and track efforts. Difficult to do if you don't know exactly what you want them to do.

Population Model

- Identify types of populations
 - Physicians
 - General population
 - Treatment centers
 - # of prescriptions written in a therapeutic class
- Determine travel requirements & costs
- Assess ability to “reach” these populations

Strengths/Weaknesses: Let's you weigh travel distances and ability to reach. Doesn't allow you to weight the value of the accounts.

ROI Model

- Define relationship between reps and sales results
- Define correlation between reps (number's) and costs
- Use when you are trying to determine the maximum number of people needed (that is, when you get \$1 more than you spent)
- Where costs cross contributions you define an upper limit of resources to allocate
- Would not use as a final decision making tool. Rather, you would use it to verify or validate other approaches

Strengths/Weaknesses: Allows you to squeeze the last bit of sales out of resources. Doesn't weight the people factor.

Blended Model

- When no one model works
- When aspects of 2 models better fit
- Combine the upper and lower limits of each and make a “qualitative” judgment

Strengths/Weaknesses: Let's you take the best of several approaches. Doesn't focus and thus may be too “soft” for good decisions.

Models and Affiliates

- Each marketplace has it's own unique challenges
- By defining a set of models and how/when they are used you can have a common language
- It improves budget control
- It improves forecasting
- It improves communication and management

Modeling & Sales Staffs

- The model defines:
 - The job description
 - The training needed
 - The marketing tools and promotional efforts
- Gives a clear vision of what you want to accomplish so people can buy-in
- Defines the type of people to hire and the skills they bring

Alignment/Compensation

- Once you determine the size you MUST define the territories and determine how you match them for potential
 - Unequal territories make compensation, contests, performance reviews, etc., hard to do and creates discord which leads to turnover, increased costs and lost productivity
- Creating equal assignments, equal sales districts, regions, etc., is critical to incentive compensation and contests
- Properly done it aligns people across the organization which helps success

Case Review

- Actelion US
 - VP National Sales
 - VP National Marketing
 - Head of National Managed Markets
 - Commercial Operations
 - Medical Department

Case Review

- Each group had different needs:
 - Sales was either Reach & Frequency or Population based
 - Medical (MSL's) was Workload
 - National Account Managers were workload and Activity based
- US needs were different from global affiliates

Case Review

- Changing US marketplace demanded regular reviews of sizing, modeling approaches, need for new positions, etc.
- Corporate needed to understand why each affiliate wanted a certain number of people and whether those were the right # (or not)
- When affiliate GM's, finance and others met they needed to have common ground for discussion
- Standardized methods of performance measurement were needed

Case Review

Outcome:

Global

- ✓ Developed a standardized set of models that could cover almost any situation
- ✓ Defined each with metrics for use/measurement
- ✓ Implemented a global document/plan

Case Review

Outcome:

US

- ✓ Identified each group with a sizing need
- ✓ Chose a model that best fit the needs
- ✓ Analyzed and recommended approach
- ✓ Defined # of people, skill sets needed, resource requirements, etc.
- ✓ Lead to creation of 2 Business Units to focus on segments of the market to get closer to customers

Learnings

Establish:

- Goals and Expectations
- Roles and responsibilities
- Measurement metrics
- Reporting and evaluation criteria
- Timing