

# EMEA Sales Force Preparation for Launch

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## The Situation



A rapidly growing medical device company had just received core product approval for reimbursement in Germany. The company needed to rapidly align their newly purchased distribution company with their own revenue growth strategy to capture the window of growth opportunity.

## The Challenge

This medical device company needed to align the newly purchased distributor with the U.S. parent company quickly. To make this happen successfully, EMEA leadership recognized that it must define a short- and long-term external roadmap. This roadmap should include a deployment plan that minimizes customer disruption, sales compensation practices and philosophy that aligns with U.S. standards, and commercial readiness risks to eliminate potential problem areas.

## The Solution

The Alexander Group (AGI) reviewed the company's sizing, deployment and sales compensation. AGI worked with the leadership team to size the sales force based on third party opportunity data to fit projected growing demand. AGI modeled short- and long-term sales territories; sales compensation plans were created to drive growth in new coverage areas. AGI identified critical areas of focus for commercial leadership and operations during the launch phase to ensure readiness and reduce launch risk where possible.

## The Benefit

The Alexander Group worked with the company's leadership team to accomplish the following:

- Create future-oriented deployment and sales compensation plans for the growing sales team
- Design launch-appropriate sales compensation plans
- Identify strategic EMEA commercial imperatives for FY17

## Sizing, Deployment and Sales Compensation:

Indicated doubling the size of the sales force in the future state

### Initial Sizing Estimates Depend on the Breadth of Market Coverage in the Steady State Model

3 Physician directly influenced

**Territory Transitioning Methodology**

**Full Market Coverage:**

4,000 Doctors (800K Patients) <sup>1</sup>	x	10 Sales Calls (22% Win Rate)	x	40 mins per Call
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FY17 territories should be split when the workload to maintain that territory fits one rep.

**Partial Coverage:**

2,000 Doctors (780K Patients) <sup>2</sup>	x	10 Sales Calls (22% Win Rate)	x	40 mins per Call
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1: Based on 4,000 doctors from German Business Plan and 800,000 estimated Diabetes association, and interviews  
2: Assumes 99% of patients reside in the top 50% of doctors

= From Market and Current Sales Data      = AGI Analysis

**Example Split: Dresden**

**Potential Met**

- > Total Revenue
- > Number of New Patients
- > Number of Sales Calls

**Negative Side Territories**

- > Missed new patients
- > Delayed/Held back
- > Lower quality
- > Reactive rather than proactive

**Baseline metrics for workload and results are critical for successful territory division:**

**Germany TBM Plan Summary**

Pay Mix	Measures and Weights	Mechanics	Threshold	Excellence	Decelerator or Cap	Performance Period	Payout Period
80/20 M1	New Patients	100% Quota-Based	0%	0%	135%	300%	Uncapped Quarterly

**New Patients**

The excellence point at 135% mirrors the TBM compensation plan in the US

A future Germany TBM plan might include a soft threshold, once we have historical sales data to estimate a minimum performance expectation

A secondary measure could be added in the future as the strategic objectives of Germany evolve

The current pay mix and the administrative burden do not warrant a monthly variable incentive pay period, as the US has today.

## Commercial Readiness:

Identified critical areas of focus for commercial leadership and operations during launch phase

### Five Critical Priorities For 2017

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|--|---|
| <p>1 EMEA: Drive clarity on responsibilities and decision structure</p> <p>2 EMEA: Identify additional growth opportunities in indirect markets</p> <p>3 EMEA: Manage administration of commercial programs and business reporting needs</p> <p>4 Germany/UK: Expand market knowledge with field intelligence</p> <p>5 Germany: Create and service demand from patients and physicians</p> | <p>Create architecture describing which commercial decisions are local vs. centralized</p> <p>Design partnership decision criteria for additional investment in relationships</p> <p>Prepare for territory/compensation/reporting needs early in 2017</p> <p>Focus on CRM compliance to build internal database of physicians and patients</p> <p>Instill truly different behaviors in sales and inside service teams around selling and training</p> |
|--|---|