Case Study

Medical Device Company Sales Force Relaunch and Sales Compensation Restructure

IP Leader: Mike Miller

The Situation

This leading medical device company had an overweight sales force. Its selling, general and administrative (SG&A) expense was significantly higher than internal and external benchmarks. Looking at the fast-paced change in the US healthcare market, competitors and buyer behavior, the company decided to relaunch its sales force.

The Challenge

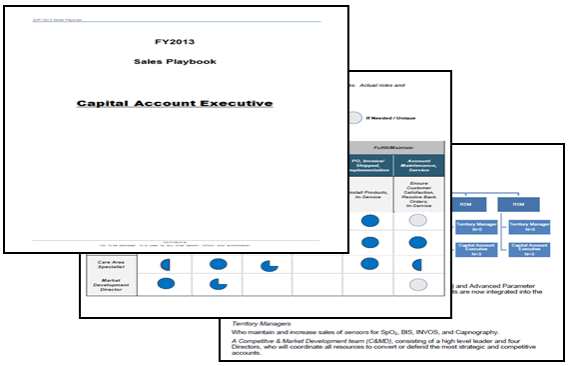
The vendor needed sustained growth and innovation, with lower SG&A. The company also needed to integrate a newly acquired company smoothly into the organization without disrupting revenue.

The Solution

The Alexander Group delivered an in-depth revenue, cost and productivity analysis. We pinpointed improvement opportunities, starting with a new customer coverage model to allow product cycling and deeper account penetration. Further, we re-balanced territories, set new quotas and revamped the incentive compensation program to support the new job roles, product bags and selling responsibilities. After the full redesign, the Alexander Group helped implement and transition the field teams. We organized the transition plans into a comprehensive playbook to help both management and sellers succeed.

The Benefit

After implementation, the company saw an annual cost savings of 10% while remaining headcount neutral, due to deploying lower cost resources. The device vendor also improved account penetration at its top 200 accounts by 10%, and exceeded its EBITDA goal during the transition year. The restructured sales force and sales compensation program played a large part in delivering these results:



- **New Coverage Model and Balanced Territories:** Developed a flexible coverage model that allows products cycling and deeper account penetration
- **Playbook:** Developed comprehensive documents outlining the restructure and transformation, helping management implement and sellers succeed in the new model

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