

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

FY17 territories should be split when the workload to maintain that territory by one rep.

Full Market Coverage:
 4,000 Doctors (800K Patients)¹ × 10 Sales Calls (22% Win Rate) × 40 mins per Sales Call

Partial Coverage:
 2,000 Doctors (760K Patients)² × 10 Sales Calls (22% Win Rate) × 40 mins per Sales Call

1: Based on 4,000 doctors from German Business Plan and 800,000 estimates Diabetes association, and interviews
 2: Assumes 95% of patients reside in the top 50% of doctors

Legend:
 [Orange Box] = From Market and Current Sales Data
 [Blue Box] = AGI Analysis

Example Split: Dresden

Germany TBM Plan Summary

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

Potential Met

- > Total Revenue
- > Number of
- > Number of

Negative Side Territories

- > Missed new
- > Delayed HUs
- > Lower quality
- > Reactive

Baseline metrics for workload and results w critical for successful territory division:

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.

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Commercial Readiness:

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

Five Critical Priorities For 2017



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