



NOVEMBER 2006

Maximizing ROI in Your Sales Force

by Edward Gallagher

The most expensive tool used by a pharmaceutical company in promoting products is its sales force. As a result, making any errors in sizing that force will produce decreased profitability. This article is to outline two methods of doing that, of which only one gives you the ability to clearly understand the return on investment of adding or subtracting a sales representative.

The first method is *workload* in which management determines the appropriate depth of physician deciles to call on, the desired frequency of calls per year, selling days and the number of calls per day. For example to call on 1000 physicians 6 times per year implies 6000 details. Assuming 200 selling days/year and that a rep can deliver 6 details/day on this product, this means 1200 details/rep/year and implies a requirement for 5 reps. The number of reps is then fixed based on geography to determine sales force size. A problem with this method is the inability to assess the impact on profitability of adding or subtracting a rep.

The second method, *Delphi*, uses promotional response curves wherein the size of the sales force is optimized to achieve a desired return on investment. For launched products in traditional markets, response curves are derived from historical detailing and sales data. For companies looking to expand or contract their sales force beyond the range of historical levels this method has been used to great advantage. It was first described in a 1987 article based on the experience of Syntex in sizing their sales force to put greater emphasis on Naproxen, their largest selling product at the time. The model results were well beyond historic norms for Syntex and exceeded the desired rate of return. Since that time, other leading firms have adopted it. The approach in developing the response curves is based on the expert knowledge and experience contained within sales and marketing management. Essentially, it capitalizes on the best features of knowledge

management by capturing the collective expertise and experience of senior sales and marketing management to determine the most profitable decision. The ultimate advantage is that the response curves developed can be revised and updated as new information becomes available. The ability to refine the curves allows for optimization of promotional effort within the context of the competitive environment, product lifecycle, and competing priorities within the corporation on an on-going basis.

If you would like to share your experience in these issues, or discuss how you can ensure a successful product launch, send an email to rkefer@tcgbiopharma.com.

Pulse is published by TCG LLC of Research Triangle Park, NC.
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