

Benchmarking Sales Channel Strategies

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April 20, 2010

Survey Background

- Internet based questionnaire
- Confidential submissions
- Follow up discussions

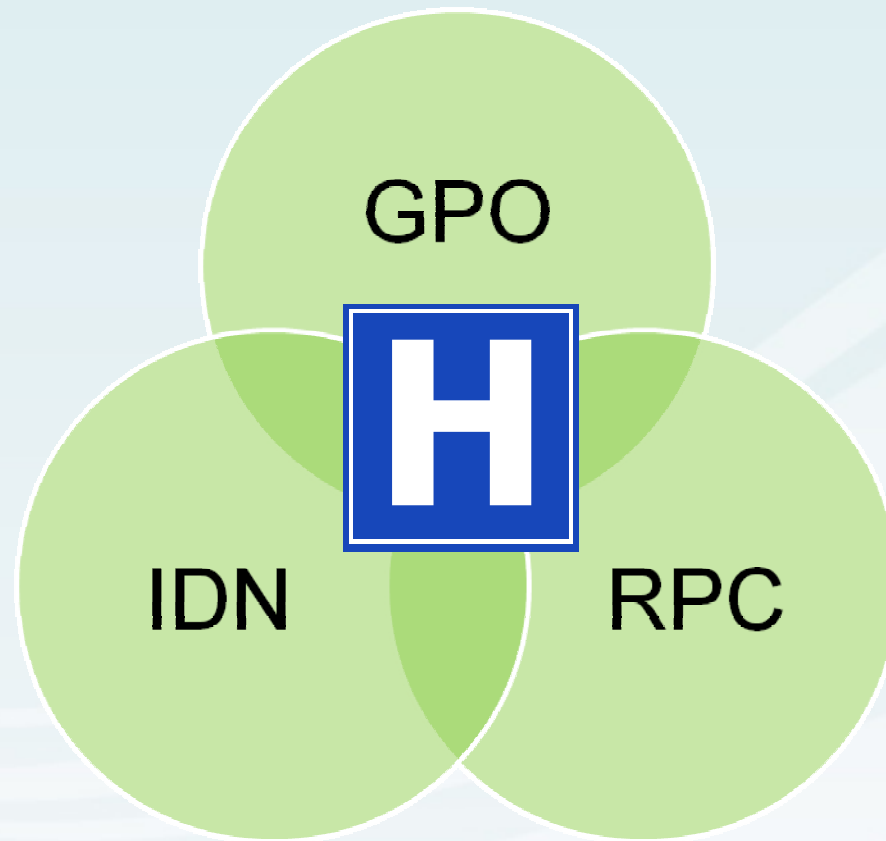
Discussion Ground Rules

- This discussion will not identify any specific companies or individuals
- Filter your discussions
- Comment in the third person

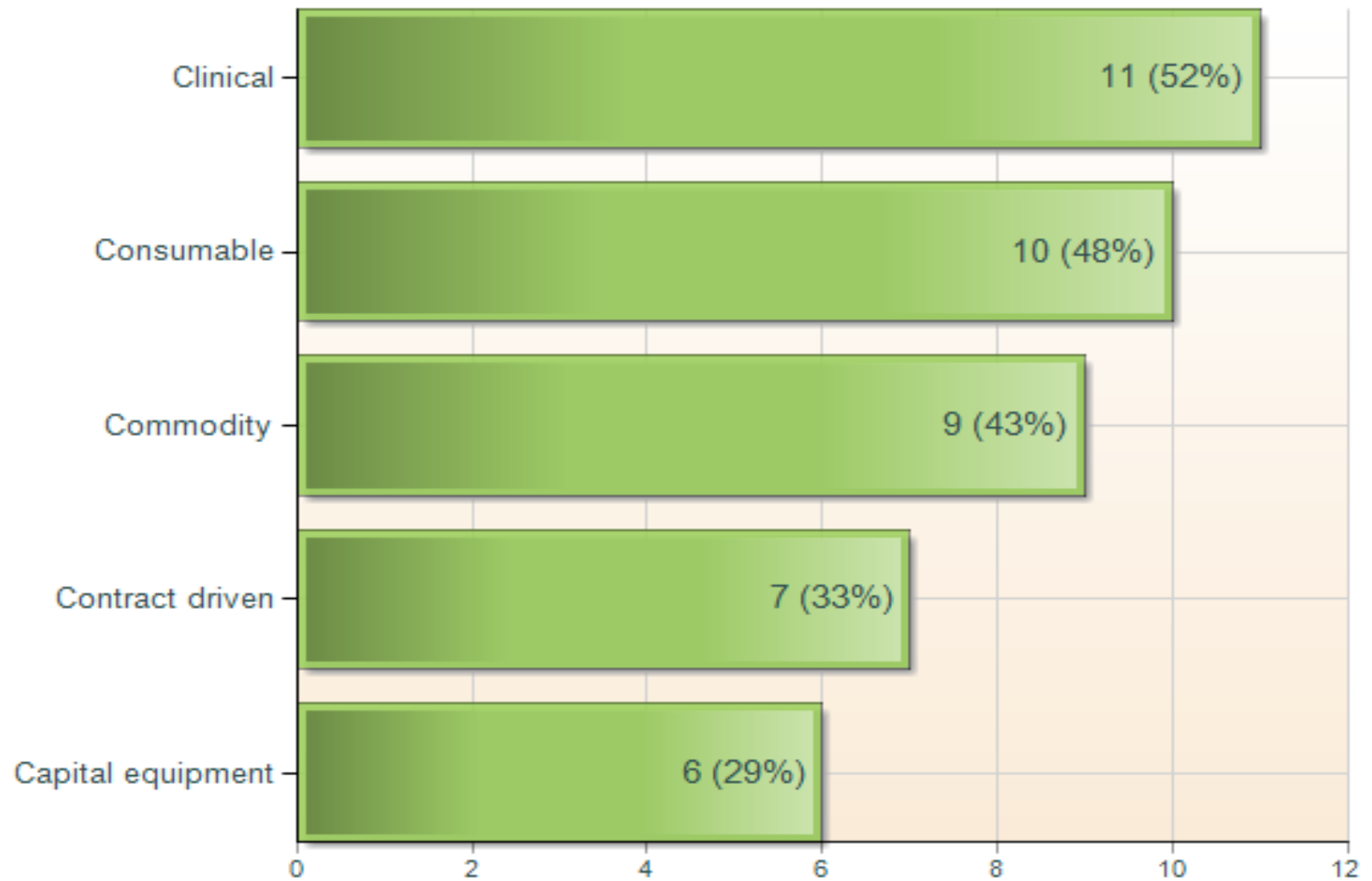
Data Set

- 25 responses
- 21 companies represented
 - 17 product suppliers
 - 2 distributors
 - 2 service providers
- \$12.275 billion in annual US sales
- Size range from \$1 million to >\$6 billion

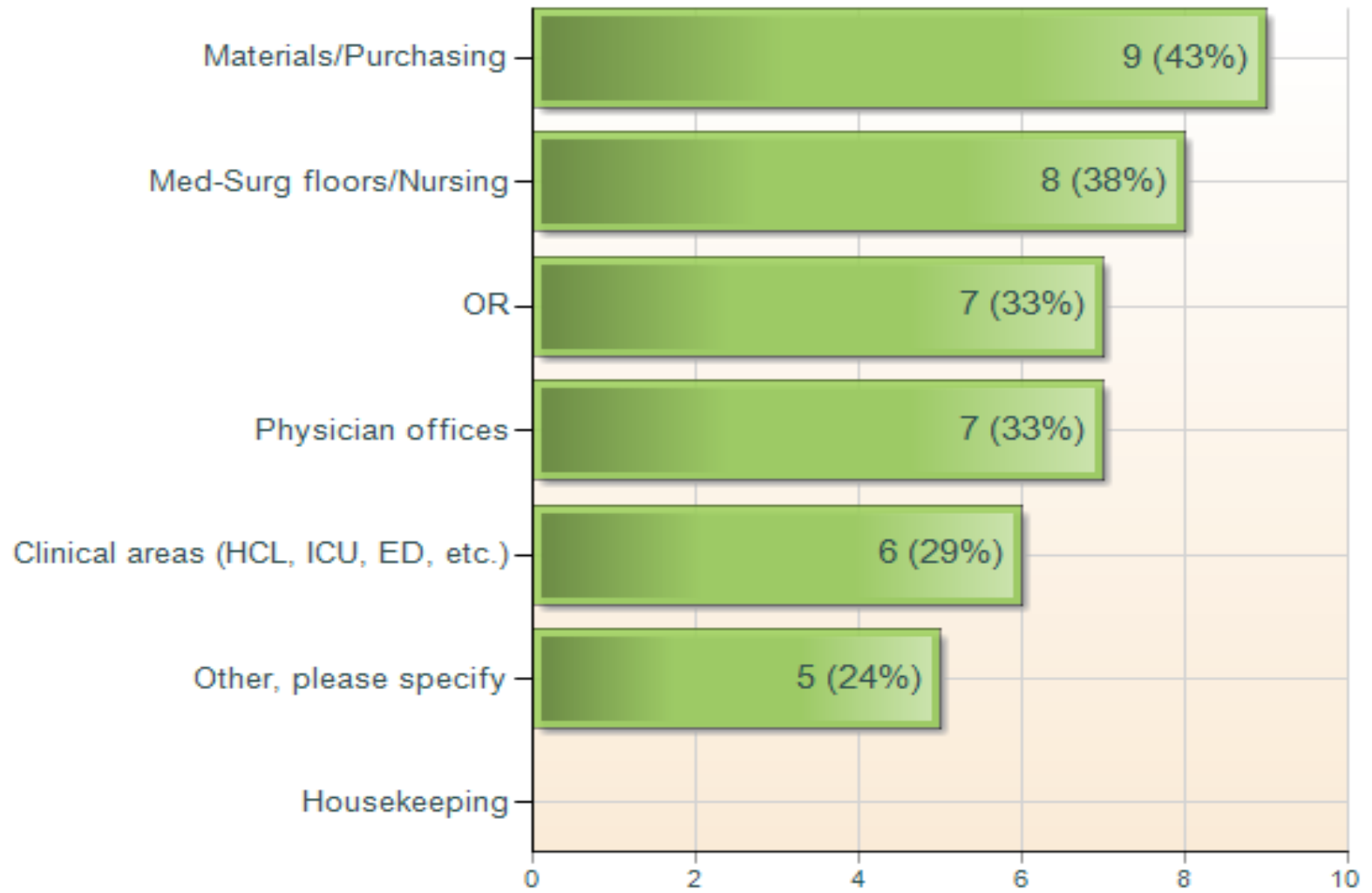
Entities



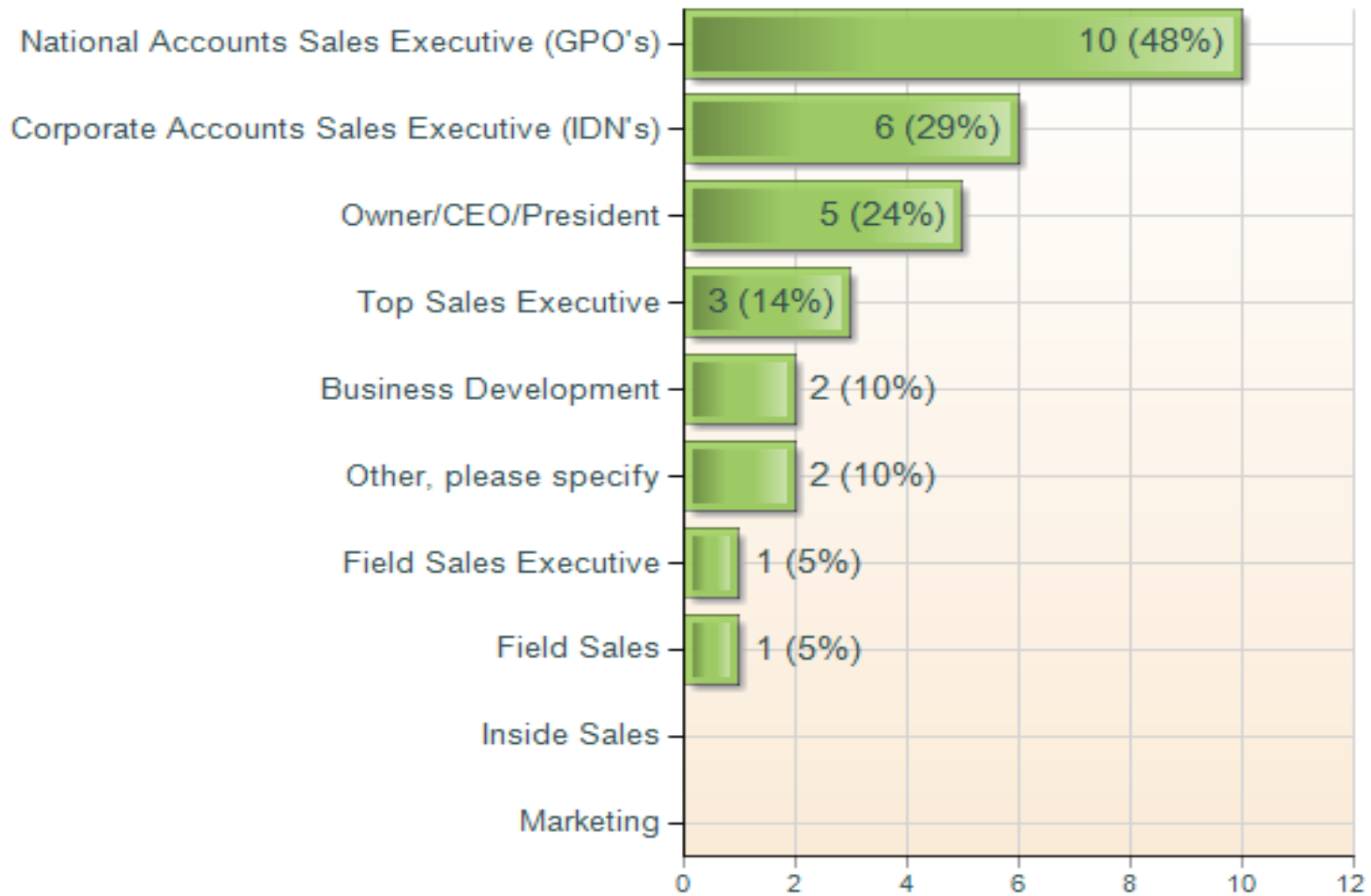
Our products are primarily (choose multiple if applicable):



The main call points for our products are (choose multiple if applicable):

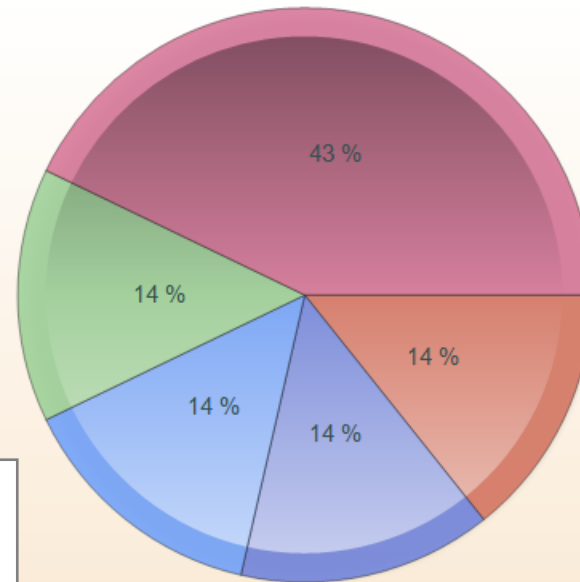


What is your role in organization (choose multiple if applicable)?



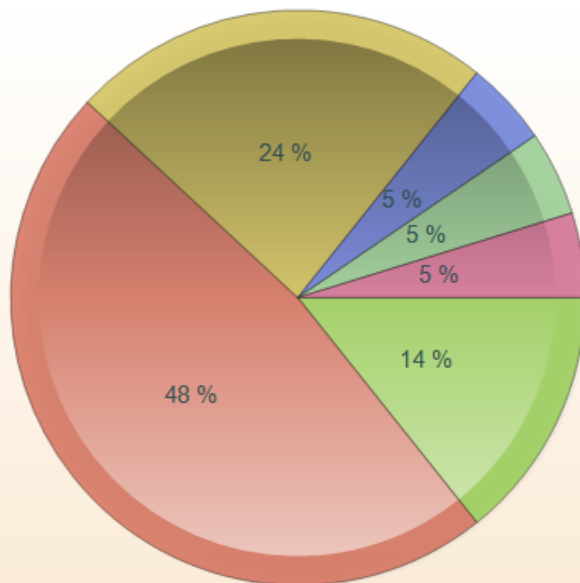
How many years have you been in the healthcare market?

Less than 1 year	5 to 10 years	15 to 20 years	20 to 25 years	More than 25 years
1 to 5 years	10 to 15 years			



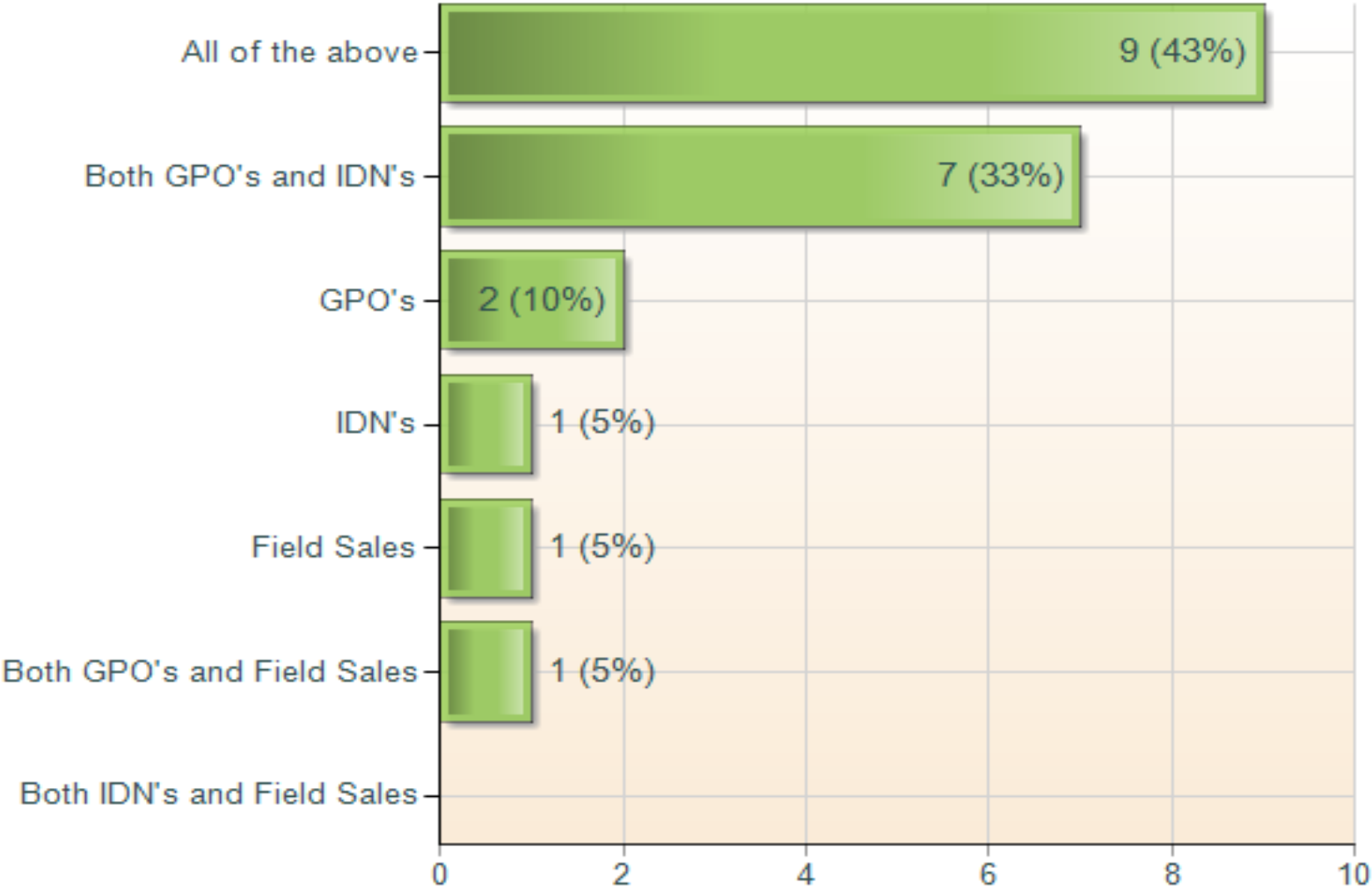
How many years have you been in your current role?

Less than 1 year	5 to 10 years	15 to 20 years	20 to 25 years	More than 25 years
1 to 5 years	10 to 15 years			



“Everyone is recycled.”
-participant comment

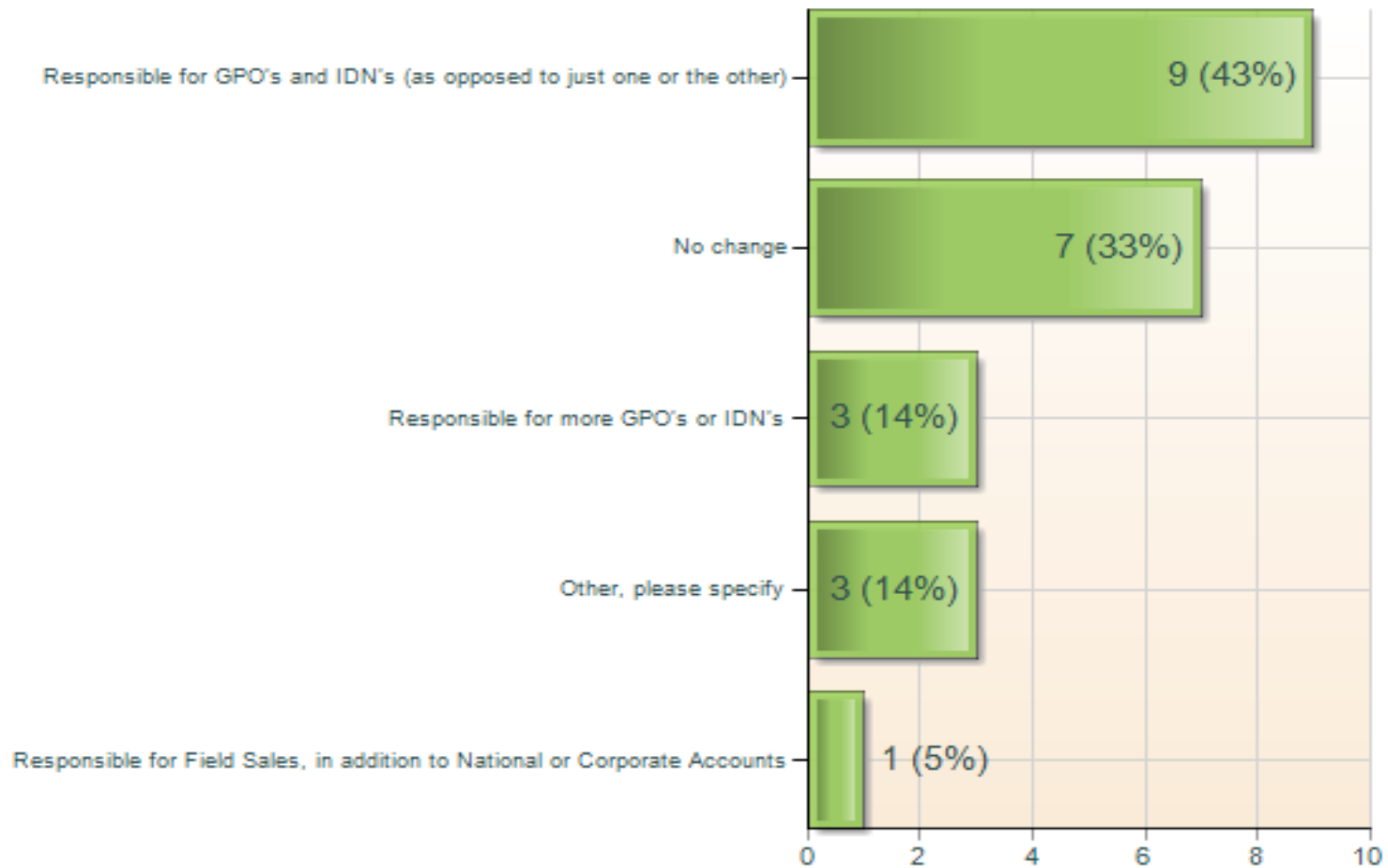
What is your main area of focus?



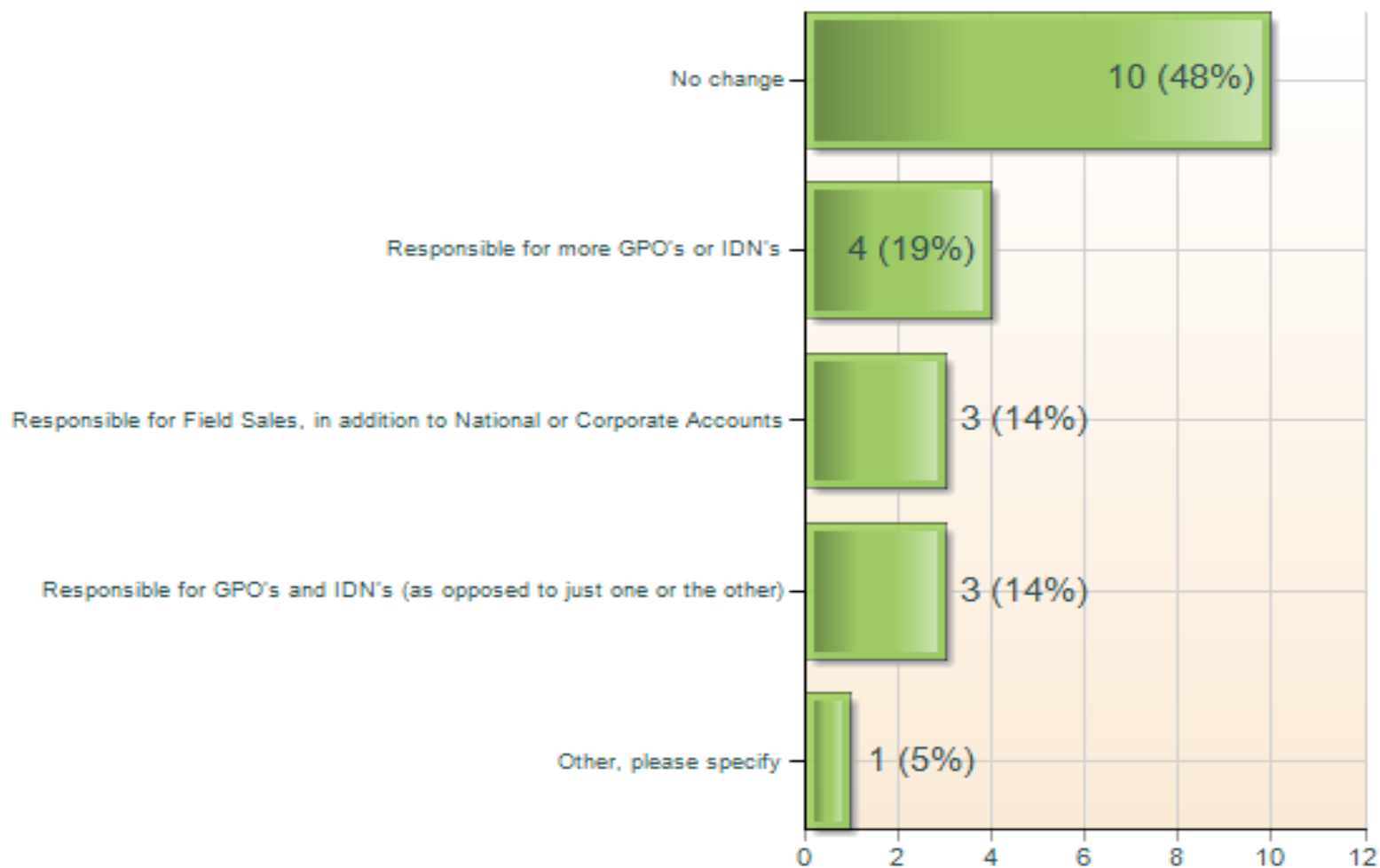
Comments

- Roles are more segmented in larger companies
- “In a small company, you do it all.”
- “They have talked about giving us responsibility for sales people. I think we have convinced them against this.”

Has your role changed in the past two years (choose multiple if applicable)?



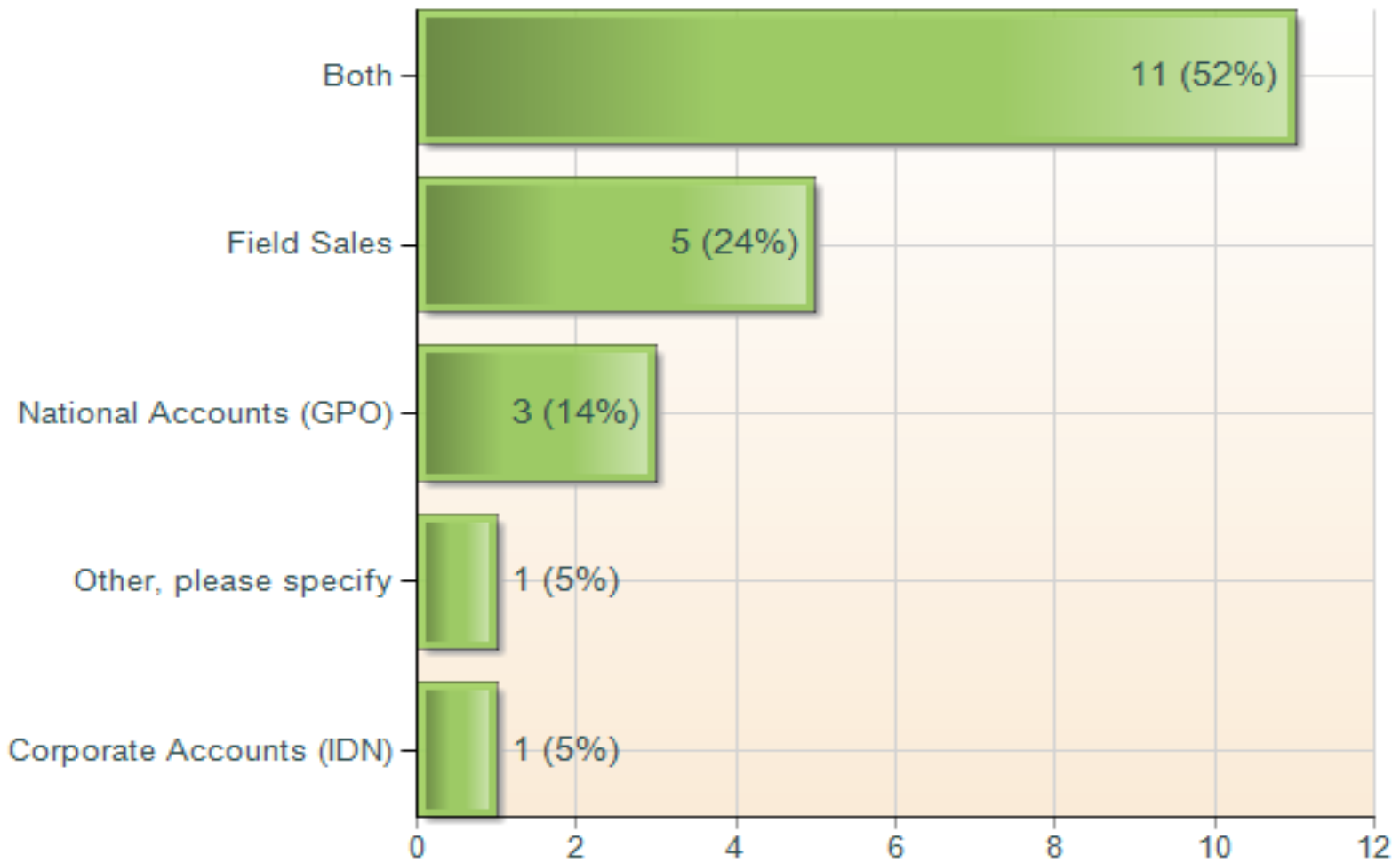
Do you believe your role will change in the next two years (choose multiple if applicable)?



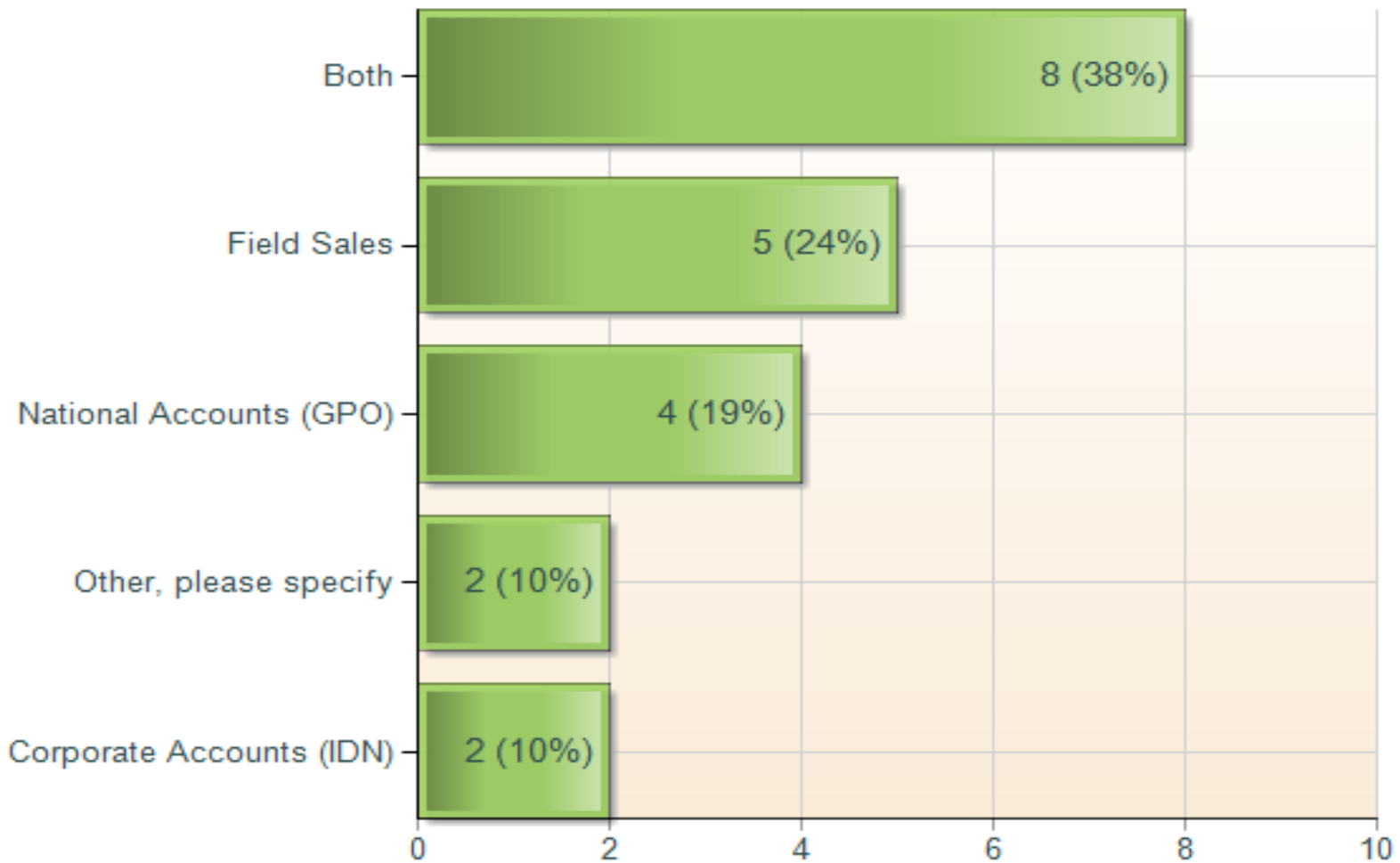
Comments

- “They figure if I am already in XX (city), why not have me make sales calls – like I have the time.”
- “I imagine they are looking at my travel budget, and figure they can reduce it.”
- “With more IDNs acting like GPOs (contracting), it only makes sense.”

Who manages Regional Purchasing Coalitions (RPCs) for your organization?



Who manages IDNs or RPCs who want to purchase products directly (not through a distributor) for your organization?

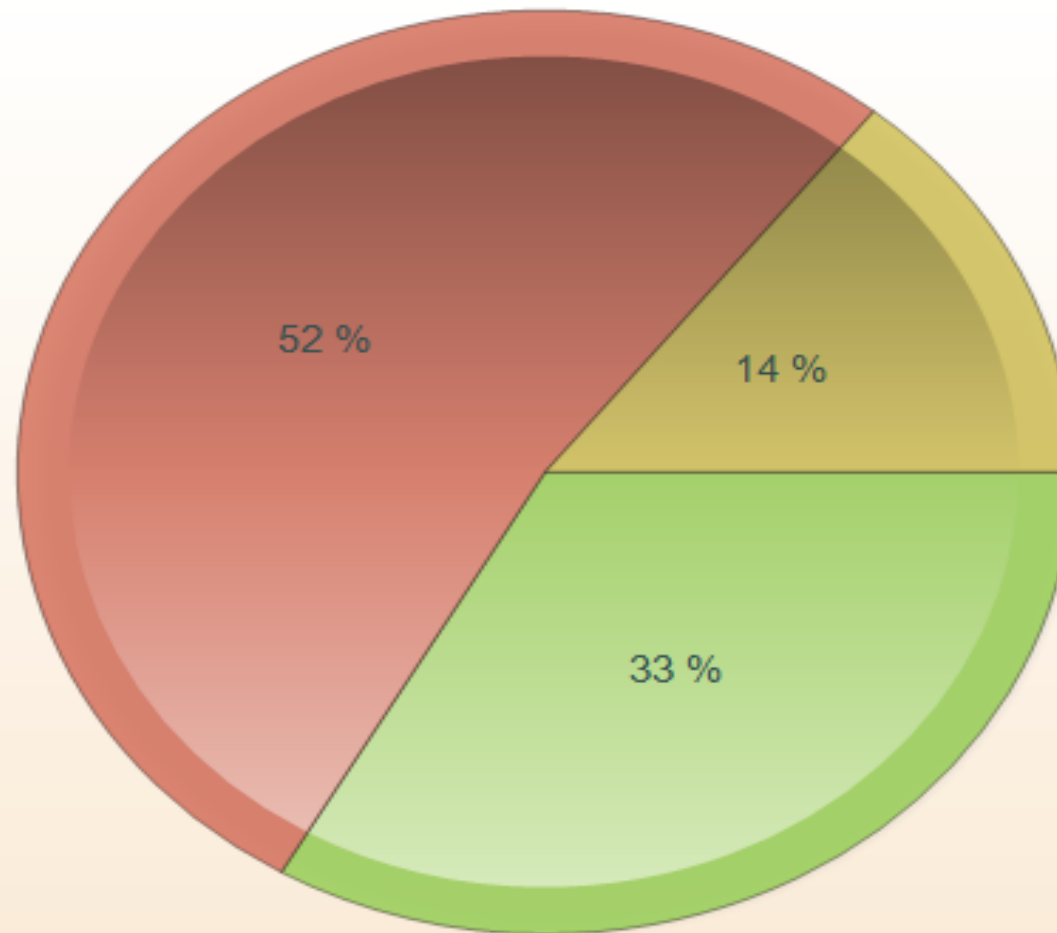


Comments

- “As soon as they talk about purchasing directly, the operations people take over that piece.”
- “We treat the RPCs like a GPO subgroup, so it falls to National Accounts.”
- “RPCs fall into our Corporate Accounts.”

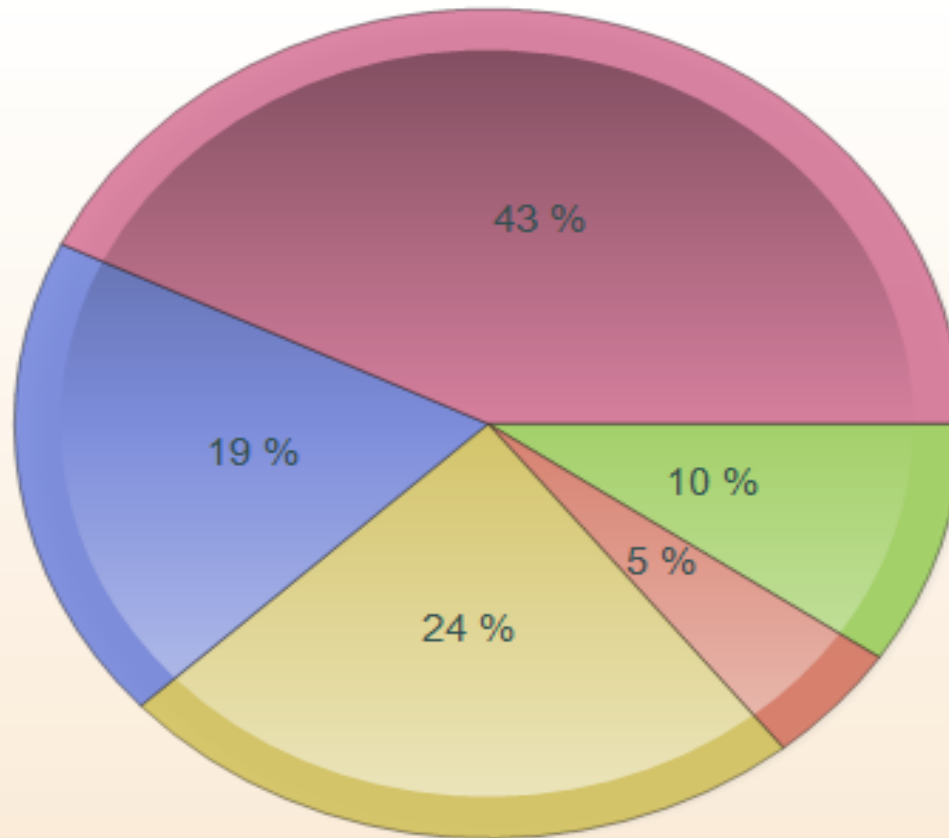
How are the National and Corporate Accounts personnel assigned?

Geographic assignments Based on relationships Other, please specify



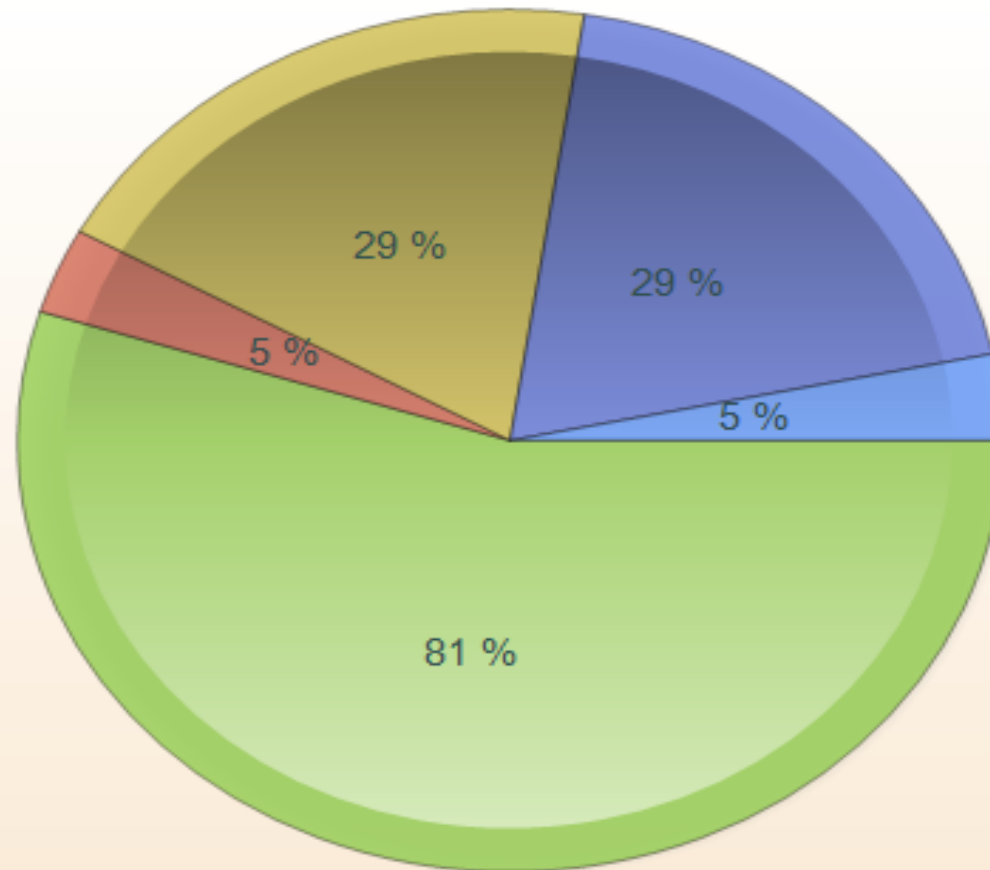
How are the National and Corporate Accounts personnel compensated?

- GPO sales numbers
- IDN sales numbers
- Both GPO's and IDN's sales numbers
- Field Sales numbers
- Both GPO's and Field Sales numbers
- Both IDN's and Field Sales numbers
- All of the above



Is the variable compensation for National and Corporate Accounts personnel (choose multiple if applicable):

- Based on sales growth
- Based on margin growth
- Based on objectives
- Based on a pre-defined customer targets
- Other, please specify

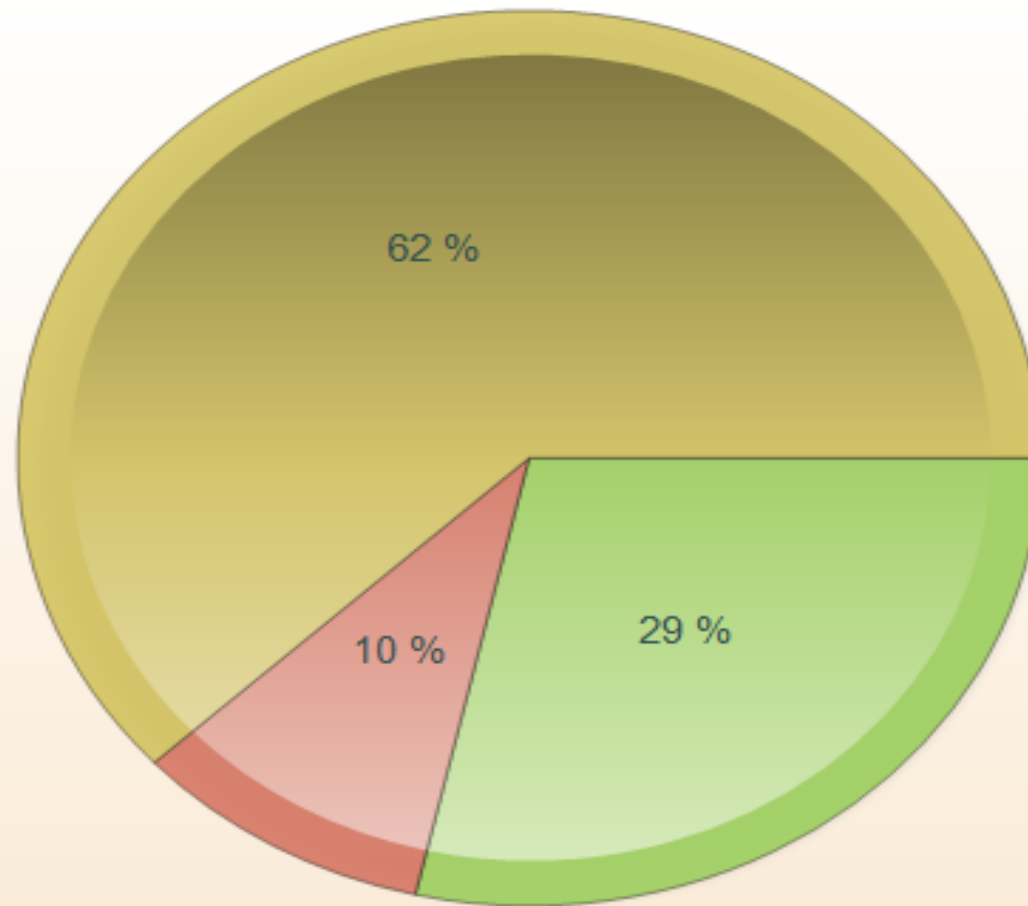


Has the variable compensation component:

Increased as a percent of total compensation

Decreased as a percent of total compensation

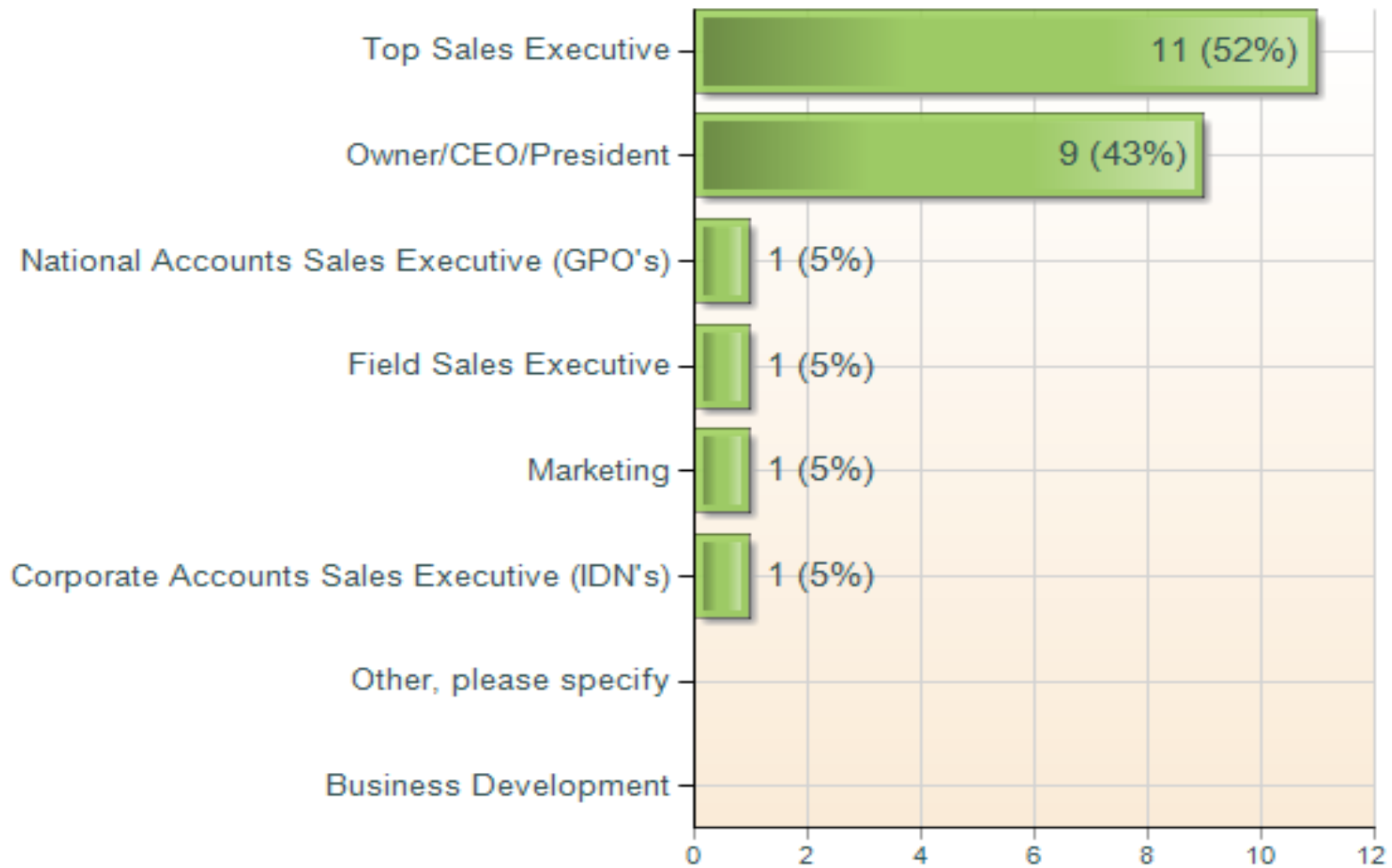
Remained a constant percent of total compensation



Comments

- Compensation varied by organization:
 - Larger organizations not tied to total sales
 - Smaller organizations tied to total sales
- “We are focusing more on driving the contracts, so I am tied to overall contract sales more than in the past.”

Who do the National and Corporate Account personnel report to within your organization (choose multiple if applicable)?

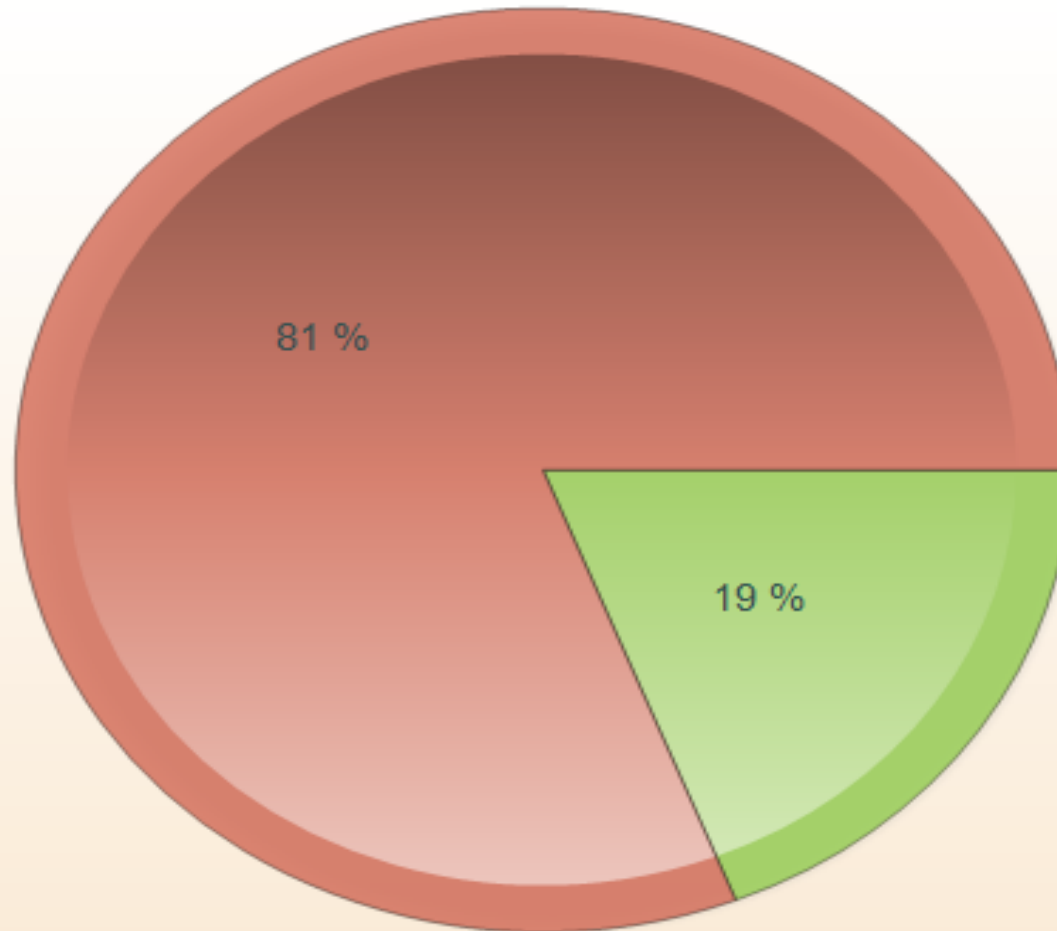


Comments

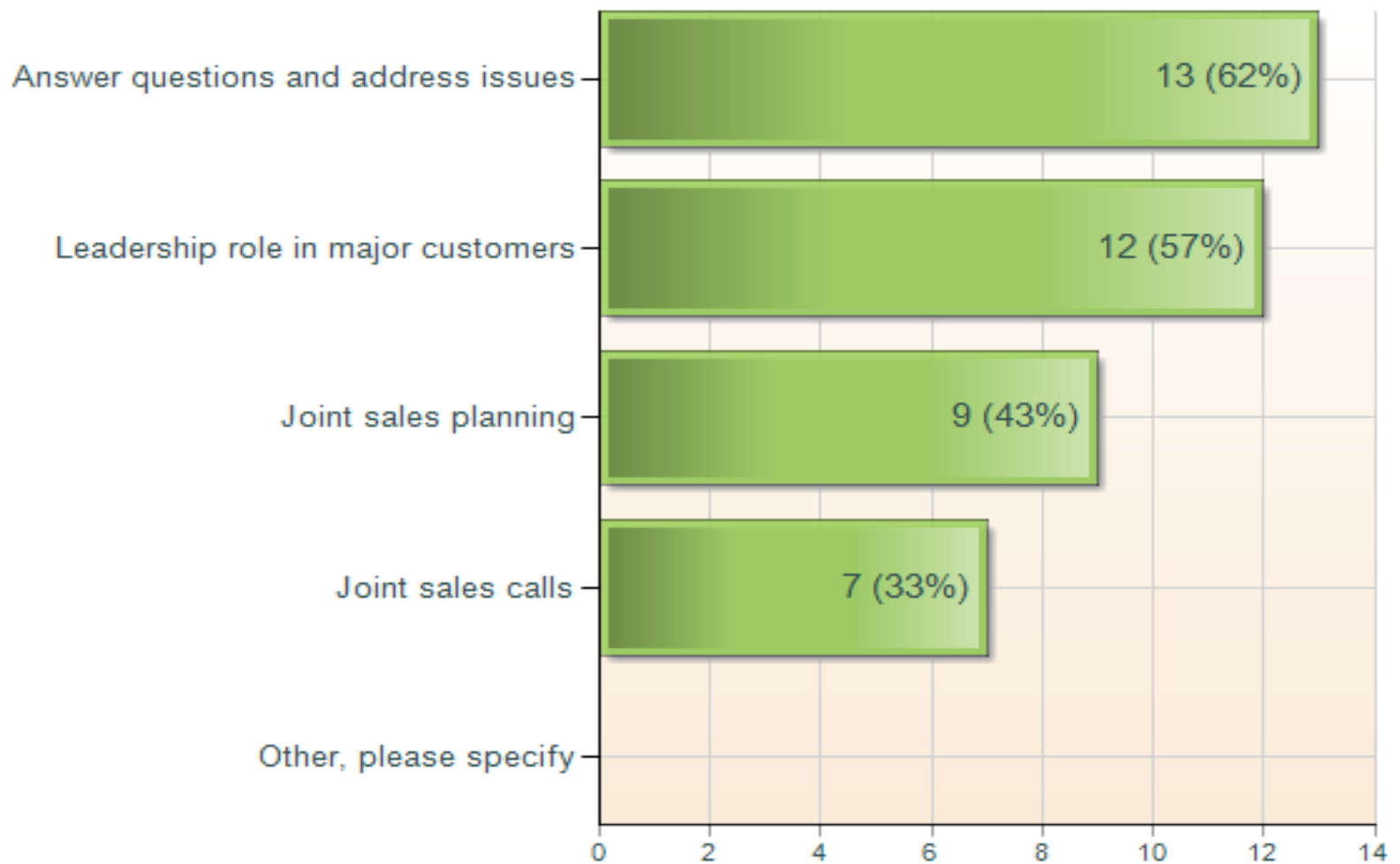
- Larger organizations have a layer between National Accounts/Corporate Accounts representatives and top sales executive
- Smaller organizations report directly to CEO/President

Have you had a change in reporting structure in the past two years? If so, please explain.

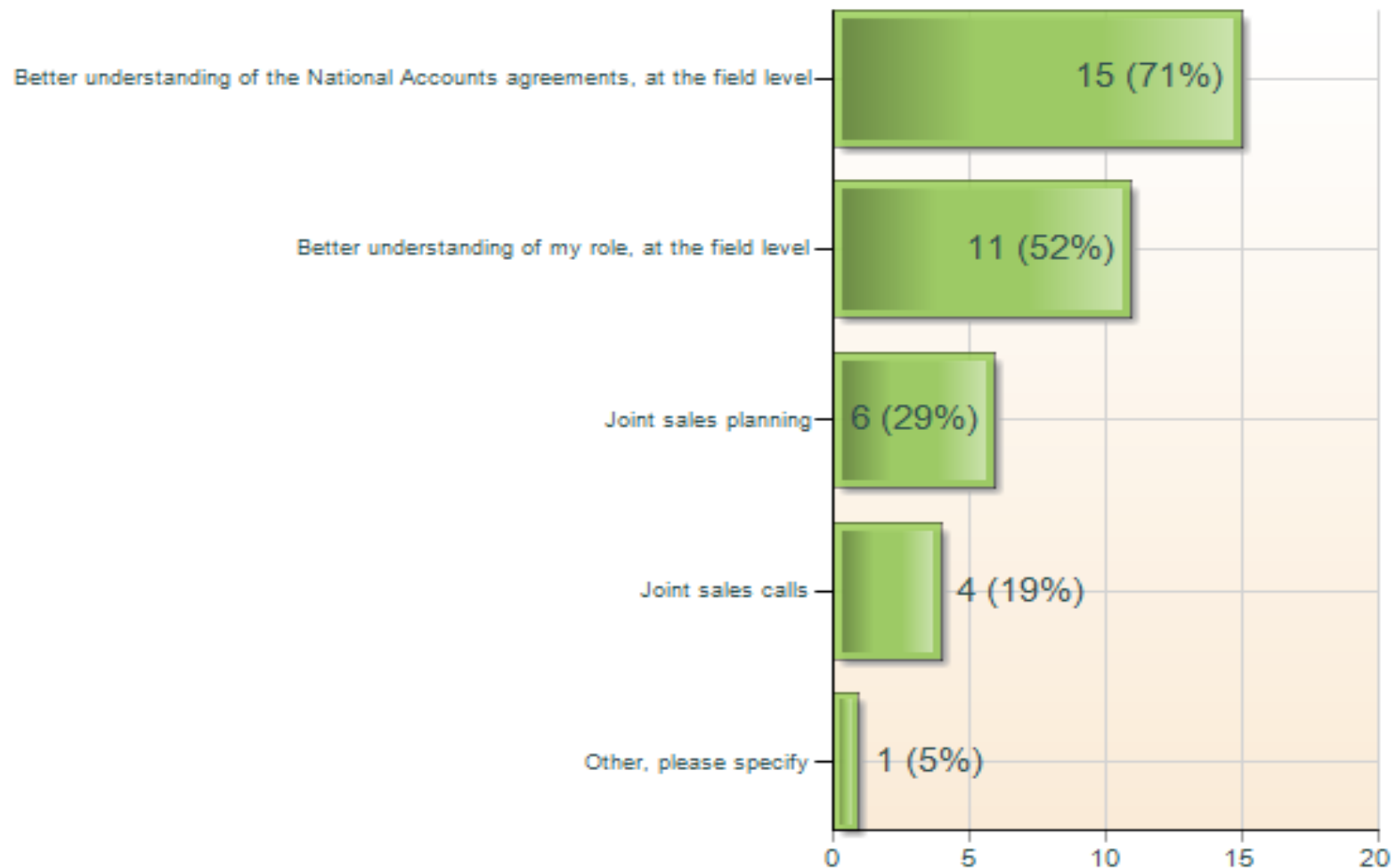
Yes No Additional Comment



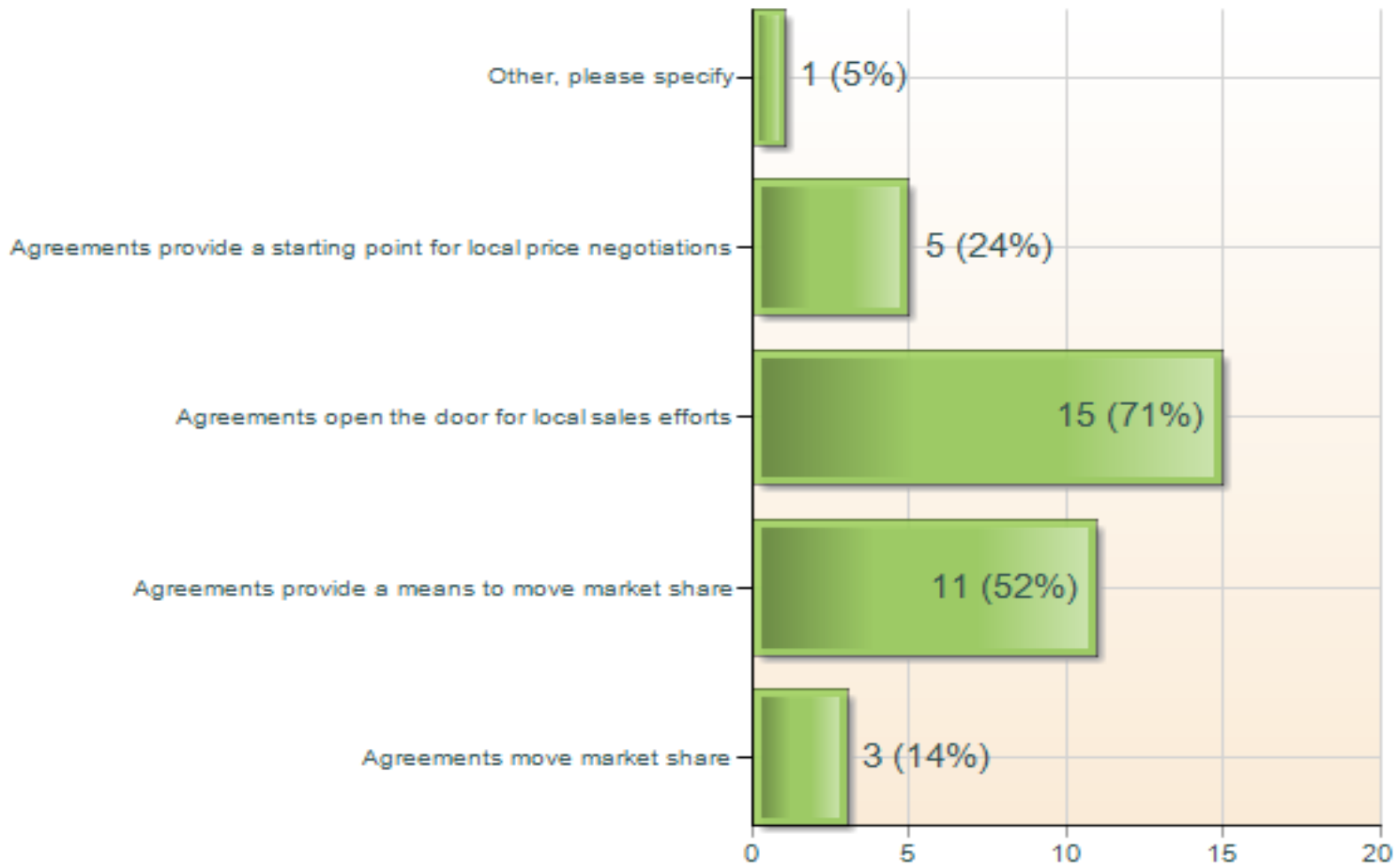
How do you interact with the Field Sales representatives (choose multiple if applicable)?



How could your interaction with the Field Sales representatives be improved (choose multiple if applicable)?

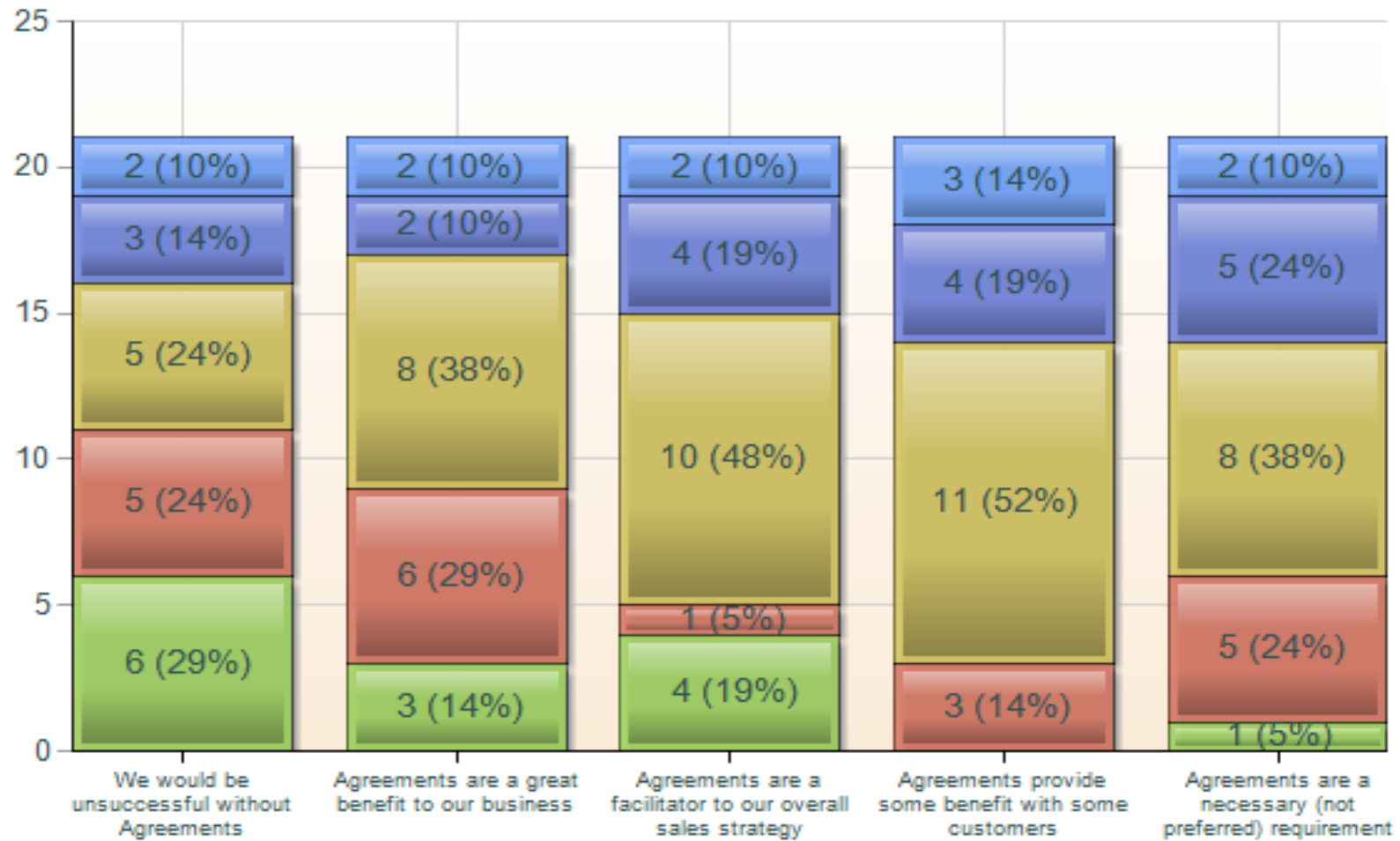


How do you view National (GPO) Agreements -- choose multiple if applicable?

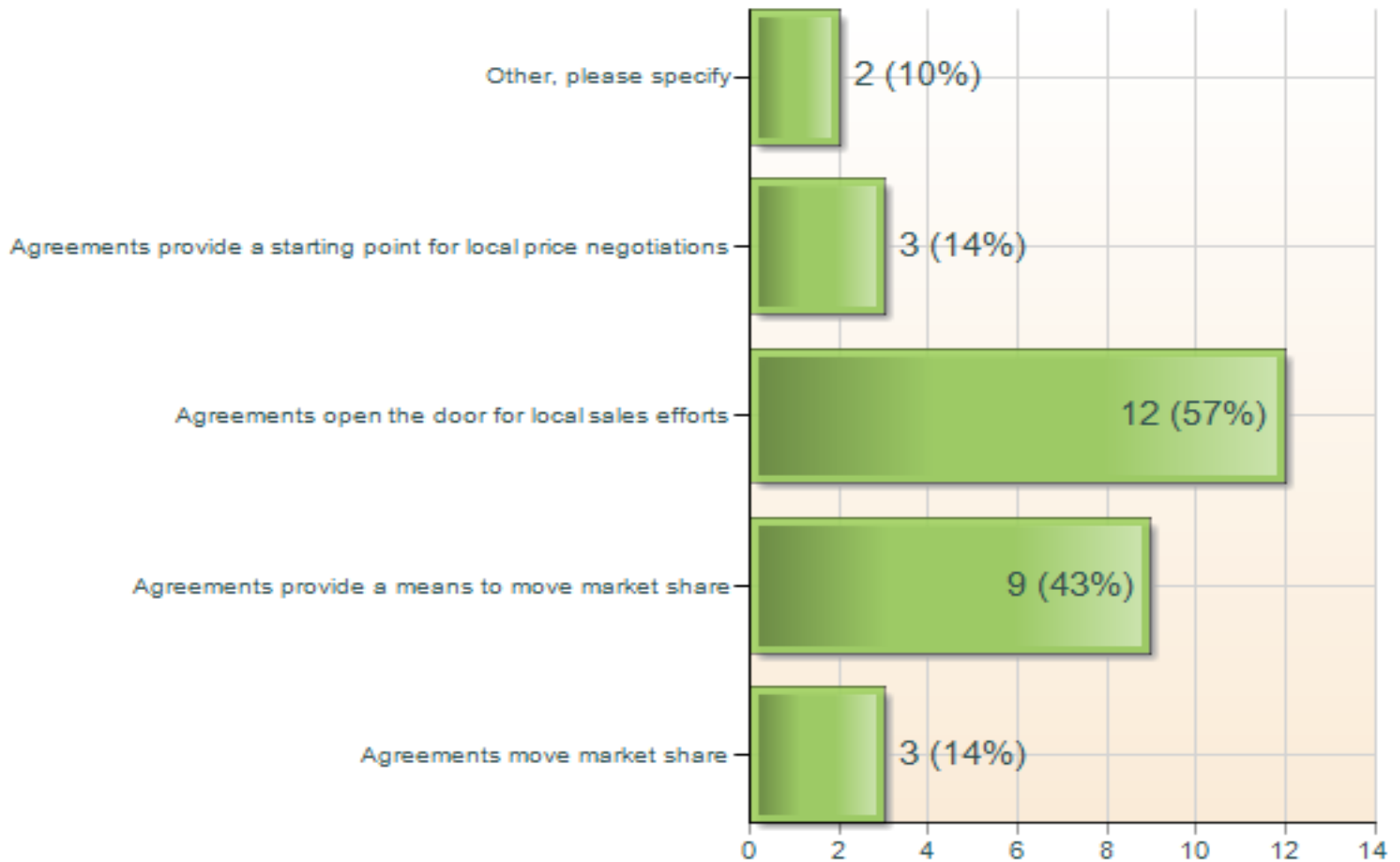


How do you view National (GPO) Agreements – choose one?

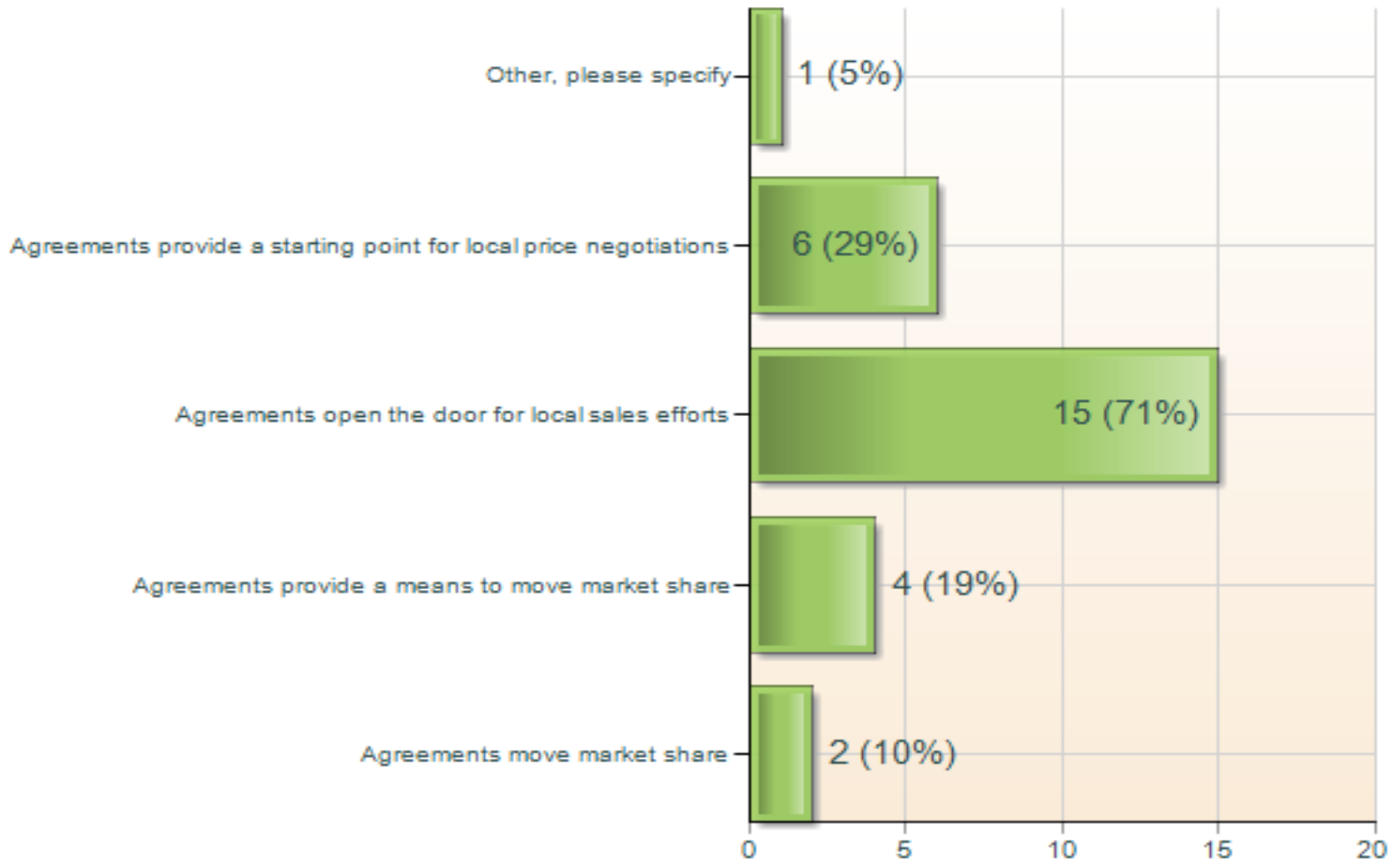
Disagree 2 Agree 4 Totally agree



How does your executive team view National (GPO) Agreements -- choose multiple if applicable?



How does your field sales team view National (GPO) Agreements -- choose multiple if applicable?



Conclusions

- Evolution of National and Corporate Accounts continues
- National Accounts most often takes on Corporate Accounts responsibility
- Agreements are clearly seen as a milestone, not an end-point
- Resources continue to be more focused on sales results at the local levels

Conclusions

- National and Corporate Accounts appear to be disconnected from field sales daily activities
- Sales targeting is often left to the local sales management and sales teams

Implications

- “My sales leaders (National and Corporate Accounts) should be our super-salespeople.”
- National and Corporate Accounts leaders shoulder the responsibility of education and direction of the field sales leadership, and sales team

Best Practices

- Combined responsibilities (National and Corporate Accounts)
- Sales force education
- Joint targeting activities
- Joint selling efforts
- Complement sales management team