

CASE STUDY

# **Charlie Delta Pharmaceutical**

## Sales Management Dashboard Design

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*The Sales Management Association is a global professional association focused on sales management's unique business and career issues. The Sales Management Association fosters a community of interest among sales force effectiveness thought leaders, consultants, academics, and sales management practitioners across many industries.*

*Through training workshops, online resources, and research materials, The Sales Management Association addresses the management issues of greatest concern to practicing sales managers. The Sales Management Association's focus areas include management leadership, sales force performance coaching, sales planning, sales process management, enabling technologies, incentive compensation, and sales force support.*

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### **Situation**

Charlie Delta Pharmaceutical (pseudonym) was concerned with the balance between direct and indirect (wholesaler) revenue. Wholesaler inventory had become swollen and required careful monitoring. Overall sales performance was also a critical concern.

### **Outcome**

After reducing wholesaler inventory, improving sales performance, implementing reporting controls including a scorecard, the Charlie Delta Pharmaceutical was purchased at a premium value to shareholders.

### **Corporate Vision**

Maximize Charlie Delta Pharmaceutical's appeal to potential buyers, with the ultimate goal of selling the company.

### **Sales Objectives**

Improve wholesaler inventory management and sales performance.

### Sales Strategy

Emphasize new products and new prescriptions.

### Tactical Goals

Reduce wholesaler inventory.

### Scorecard Design Process

|               | Customers | Employees | Partners | Processes | Investors |
|---------------|-----------|-----------|----------|-----------|-----------|
| Effectiveness |           | ✓         |          |           | ✓         |
| Efficiency    |           |           | ✓        |           |           |
| Productivity  |           |           | ✓        |           |           |
| Readiness     | ✓         |           |          |           |           |

Our first step involves identifying those cells of the scorecard that appear most important to corporate objectives. Here, we learned that management was looking to improve corporate value (i.e. stock price) and maximize the organization's attractiveness to potential investors. Hence, the cell crossing investor perspective with sales effectiveness was an obvious choice. While efficiency, productivity and readiness are important in improving investor confidence and stock price, management's desire to sell the company at a premium places a greater focus on overall effectiveness.

Next, we know we have an issue with wholesaler inventory, so we check the boxes for partner-efficiency/effectiveness to make sure product is flowing smoothly through our channels. In the pharmaceutical industry, reports detailing wholesaler activity are

readily available, so we know we'll be monitor channel flow-through consistently.

Sales management wants to closely monitor metrics related to the performance of their sales team relative to our goals. So we also include the cell containing the most fundamental measure of performance, the "percent to plan" metric.

Finally, we know that payer coverage of product is critical for sales growth, so we include the customer-readiness cell that includes the entities ultimately paying for the drugs, Medicare, Medicaid, the patient or third-party private insurer.

### **Balanced Scorecard Design**

Once we've identified the scorecard cells we want to emphasize, we're ready to populate these cells with metrics. Initially we'll want to list all relevant metrics, and then pare back based on priority. In the pharmaceutical industry, we can readily obtain sales data from third party vendors like IMS and WK. This data reflects product and therapeutic class prescriptions all the way down to the prescriber level on a monthly basis. This data can easily be broken down by product and territory, and is ideal for our scorecard's investor-effectiveness cell. Prescriber data can be further broken down into "new" vs. "total" prescriptions, which will tell us whether a doctor has issued a new prescription or the patient is filling an ongoing script.

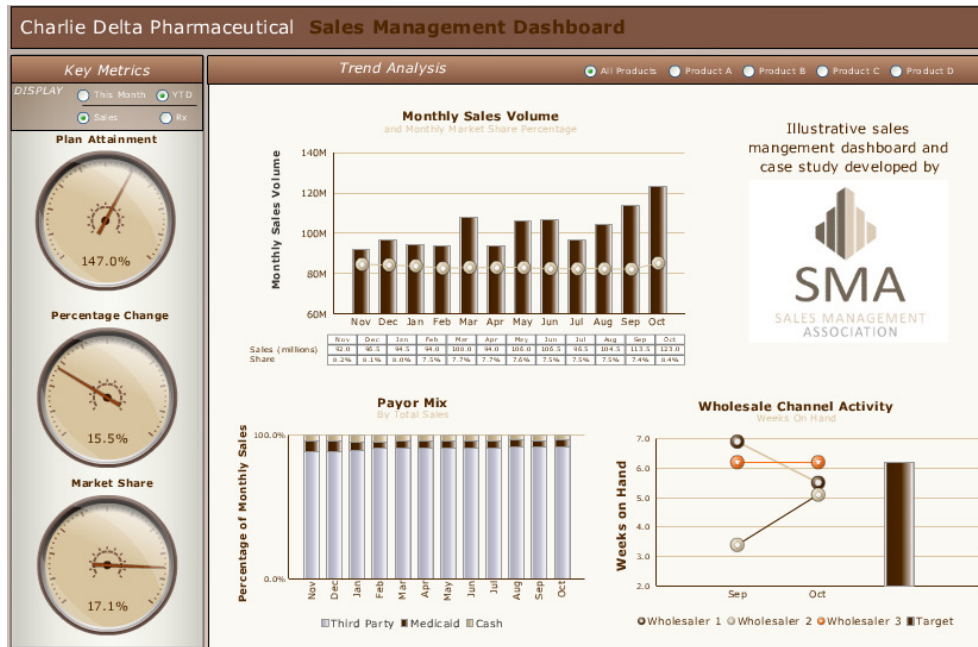
Plan numbers (goals or quotas) are also readily available and provide the metric for the employee-effectiveness cell. Finally, the wholesaler inventory report will provide the data for the partner-efficiency cell. These factors combine to create the following balanced scorecard matrix:

|                      | Customers                     | Employees      | Partners   | Processes | Investors  |
|----------------------|-------------------------------|----------------|--|-----------|--|
| <b>Effectiveness</b> |                               | Plan % to Plan |  |           | TRx's, TS's, NRx's, NS's Product and Market Market Share Forecasts |
| <b>Efficiency</b>    |                               |                | Wholesaler activity – Days on Hand by Product and Wholesaler |           |  |
| <b>Productivity</b>  |                               |                | Ex-Factory Sales   |           |  |
| <b>Readiness</b>     | Payer Mix by Product by Month |                |  |           |  |

### Dashboard Design

Once we've built the balanced scorecard matrix, populated it with metrics and eliminated those of negligible value, we're ready to build a workable dashboard that executive management can use to evaluate performance. The scorecard, while essential to the process, is not necessarily an appropriate layout for the final dashboard. Typically, we insert the metrics into the table based on their logical arrangement and relevant timeframes. For example, sales and plan numbers will always be compared and are inserted next to each other for comparable time periods.

Graphs are particularly useful to show how data changes over time. Adjacent graphs showing product sales, market sales, market share and plan numbers are particularly useful for a quick snapshot of our overall performance relative to the market.



A flash-based interactive version of the Charlie Delta Pharmaceutical sales management dashboard (pictured above) is available here: [www.salesmanagement.org](http://www.salesmanagement.org).

Note that our dashboard has a table showing overall performance for all products. We then created backup pages to track each product by SKU. Wholesaler inventory was included to facilitate a comparison of wholesalers along with goals at a glance.