

Animalytix[®] in Action | Case Study 3

The Use of “Three-Dimensional Performance Analysis” to Evaluate Sales Performance – A Sponsored Analysis of Territory Performance

Overview

This exercise examined the utilization of “Three-Dimensional Performance Analysis” as a primary means of assessing sales force effectiveness. In contrast to traditional evaluations which focus only on internal metrics, the “3-D” analysis incorporates direct comparisons to overall market performance and performance versus key benchmark competitors. By expanding the evaluation to include these external metrics, senior sales leaders can effectively assess actual performance versus true potential.

This case study applies these principals to the ruminant markets of southern California and Nevada and assesses relative performance among the leading premium anti-infectives over a 36 month period. A moving annual total analysis was prepared for the most recent 24 months. Products underlying the results were chosen by the Sponsor and the findings compiled from the Animalytix ALYX Market Survey data base.

The analytical methodology and presentation format were chosen by the assigned Animalytix Senior Business Advisor responsible for developing the case study. A variety of alternative metrics and presentations can also be compiled from the underlying Animalytix survey data as needed to best fit the objectives of any manufacturer interested in conducting this type of analysis.

The Assignment

The Sponsor expressed an interest in undertaking a Sales Force Effectiveness evaluation for the specified territories. The objectives for the evaluation were two-fold, addressing both “sales productivity versus potential” and sales force alignment. As the sponsor’s sales information was unavailable for this assignment, a fixed value of 10% market share was used as a proxy for the sponsor’s market position. The assigned Animalytix Senior Business Advisor was then tasked with creating a series of objective metrics by which the Sponsor’s executive sales team leadership could critically evaluate the existing sales organization and make determinations as to realignments, reassignments, terminations or expansions.

Methods

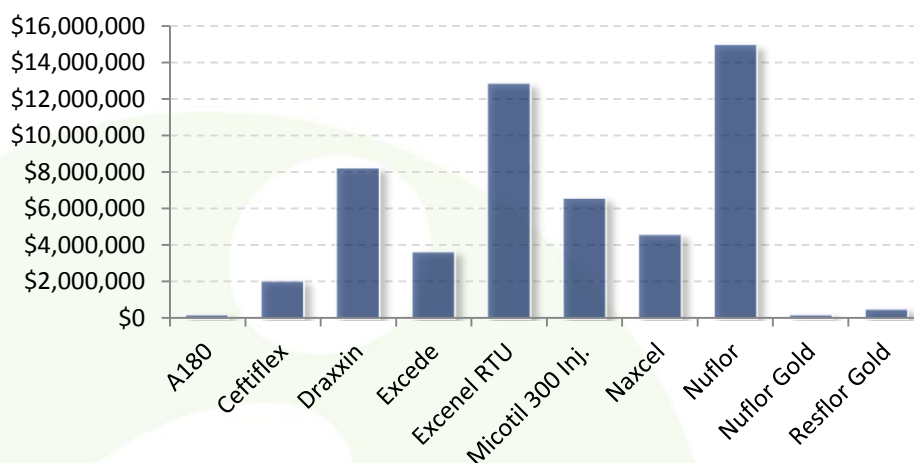
Dose determination for market share reporting was calculated using adjustments for industry standard “treatment” doses. In this instance, the doses reflected in the ALYX-05.1 Market Survey for May, 2011, were adjusted as follows:

- 2-Dose Regimen – A180, Nuflor
- 1-Dose Regimen – Nuflor Gold, Resflor Gold, Draxxin, Micotil

Findings

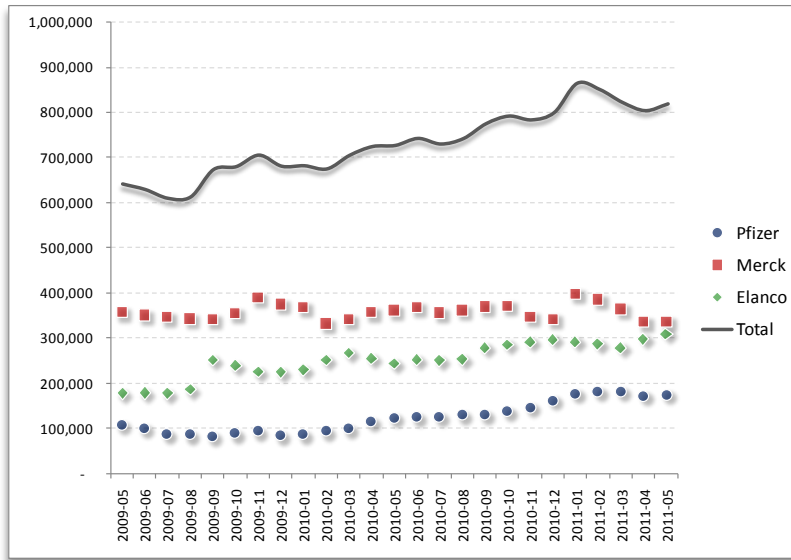
Analysis of the Sponsor’s territories demonstrated a marked variance in both total territory sales and relative market penetration. Period sales for all products from all manufacturers (including ceftiofur-based products) ranged from \$248k to \$ 14.9mln. Median market penetration was determined to be 14.75% while market size for total revenues was \$54.1mln.

36 month Territory Sales



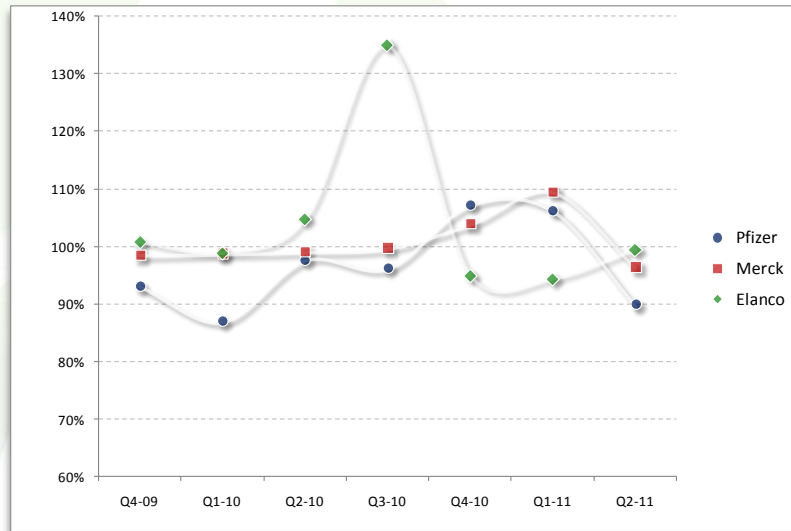
These examples represent the treatment doses sold for the non-ceftiofur products. As ceftiofur products are used primarily for dairy applications, these doses were considered to be immaterial for this exercise. The USPS ZIP-3s represented in the California data are 906,907, 908, 911, 912, 913, 914, 917, 919, 921, 922, 925, 926, 930, 931, and 932. The state of Nevada is represented as a single territory.

An analysis of Moving Annual Total for doses sold by Manufacturer indicates increasing volumes for both Pfizer and Elanco as Merck sales have softened in the most recent quarter.



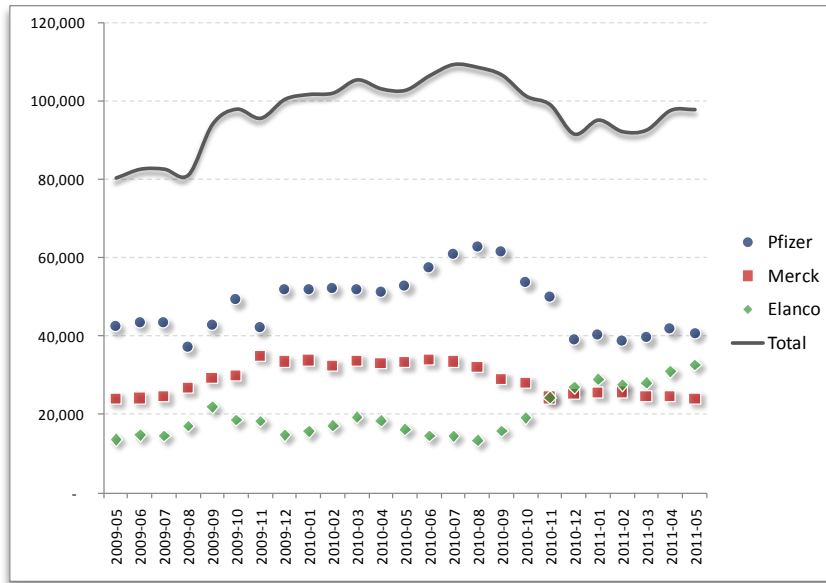
California Moving Annual Total Sales

An Evolution Index analysis (e.g. most recent period market share / immediate previous period's market share) indicates manufacturer sales relative to market growth for both Pfizer and Merck have slowed in the last quarter while Elanco's relative share has continued to increase.



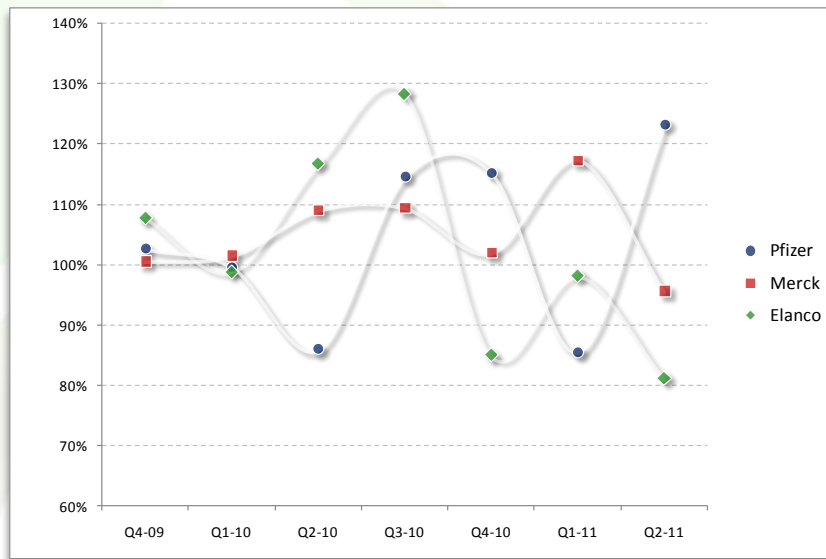
California Evolution Index by Manufacturer

An analysis of Moving Annual Total for doses sold by Manufacturer indicates decreasing volumes for both Pfizer and Merck as Elanco sales have improved in the most recent quarter.



Nevada Moving Annual Total Sales

An Evolution Index analysis indicates manufacturer sales relative to market growth for both Elanco and Merck have slowed in the last quarter while Pfizer's relative share has markedly increased.



Nevada Evolution Index by Manufacturer

Conclusions

Total treatment doses for the combined Southern California & Nevada geo area have increased from a total of 831k to 918k for a total growth of 10% for the period May, 2010 to May 2011.

California's growth was 13% while Nevada reflected a loss of 5% of total treatment doses sold.

Pfizer sales of Draxxin have shown a decline in relative market share since 4Q 2010 while Merck's share growth was positive through 4Q2010 but has since been declining.

Elanco's share growth varies between states but overall is positive due to the strong performance in the California markets.

Absent any detailed information regarding the Sponsor's specific sales performance, it can be stated that the combined growth of this market at 10% is near the national average of 11.4% and that some external factor (s) appears to be impacting absolute share growth of the Merck and Pfizer portfolios while Elanco's performance appears unaffected.

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