

Life Sciences: Ignite Consistent Revenue Growth

By: Matthew Greenstein

The 2018 fiscal year is off to a great start. Many life sciences and analytical instrument companies expect growth above 4-5 percent industry projections. Once OP1 concludes, high-performing companies turn their attention to strategic revenue growth planning for 2019 and beyond. Their goal? To sustain growth that is double the industry average. Their strategy? A comprehensive revenue growth plan that considers more than just sales compensation.

Traditionally, many life sciences and analytical instrument companies begin to review their sales compensation plans midyear. But sales compensation is only part of the planning puzzle. A successful revenue growth model includes a thorough review of a company's segmentation models, revenue motions, customer-facing jobs, resource deployment, talent programs and sales compensation.

Effective annual revenue growth planning is a necessity. Life sciences and analytical instrument companies are in a continuous state of change. The biggest sources of change include targeting new growth segments, improving sales productivity and digital transformation. Industry players are trading off product-oriented sellers for specialized applied market teams. They are deploying low-cost models such as inside sales, e-commerce and an expanded third party channel network. Finally, they are leveraging technology to evolve how they engage with customers and enable marketing, sales and service execution.



Best practices indicates all life sciences and analytical instrument companies should reevaluate their revenue growth models annually. In some cases, the review process will reveal extensive changes; in other cases, the changes will help ignite growth.

As you put pen to paper and start your planning process, use the following checklist to guide you:

- **Establish** a revenue growth planning team. This team should include the following functions: sales management, franchise owners, marketing, finance, human resources and sales operations.
- **Confirm** next year's sales strategy. Identify changes to the corporate strategy including significant product launches, potential acquisitions and new clinician call points.
- **Assess** the current state against strategic intentions. Inventory current programs and practices to determine if alignment exists with strategic intentions. Utilize Alexander Group's Revenue Growth Model™ as a guide. The evaluation should include segmentation, revenue motions, organizational design, talent and sales compensation. This assessment will yield the focus areas for change.
- **Update** revenue growth model. Work with the planning team to identify options for change, and select the most appropriate changes for the organization. In some cases, the change is too large for a given year and will require a multiyear roadmap.
- **Communicate** changes. Develop a full communication program, including manager training, participant presentations and coaching tools for supervisors. Highlight why change is needed and how everyone in the organization will benefit.

Learn more about building a successful high-performing revenue growth organization. Contact our Life Sciences practice for more information.

About the Author: Matthew Greenstein

Matt Greenstein is a principal in the Stamford office. He leads the firm's Life Sciences practice. Matt works with clients across multiple industries including tech, health care services, medical technology and retail. His areas of focus include large scale transformation and integration across all commercial functions—tactical marketing, sales and service. Matt has global consulting experience and is known for his fact-based, hypothesis-driven, problem-solving style.

Matt has 10+ years of management consulting experience. Prior to joining the Alexander Group, Matt held sales and marketing leadership positions with a major information management company. Matt has a B.S. from Fairfield University and an MBA from the University of Connecticut. He is also a Certified Sales Compensation Professional.

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