CASE STUDY

INCENTIVE PLAN DESIGN FOR THE LAUNCH OF AN EMERGING BIOTECH'S FIRST ONCOLOGY ORPHAN DRUG

A CONSULTATIVE APPROACH TO DESIGNING A FAIR, UNIFORM, AND REWARDING INCENTIVE PLAN FOR A SALESFORCE WITH HIGH EXPECTATIONS

BUSINESS SCENARIO

A US-based emerging biotech company had recently developed a new oncology orphan drug. This infusion orphan drug was designed as a line of treatment for multiple myeloma – a rare and critical cancerous condition. The uniqueness of this orphan drug made it effective in treating multiple myeloma patients with resistant antibodies from their previous unsuccessful treatments. This characteristic made the orphan drug extremely valuable to the target patient population.

The emerging biotech wanted to accelerate the go-to-market process and launch the orphan drug without delays. The launch plan was expected to ensure widespread early adoption and rapid growth of the orphan drug's sales.

Since the yet-to-be-launched orphan drug was a first for the biotech company, no native historical sales data was available. Also, because the emerging biotech's in-house advanced analytics, commercial operations, and data management teams were underequipped to sustain such project requirements, they needed a strategic partner to help.

Multiple myeloma is a cancer that forms in a type of white blood cell called a plasma cell. In multiple myeloma, cancerous plasma cells accumulate in the bone marrow and crowd out healthy blood cells. Rather than produce helpful antibodies, the cancer cells produce abnormal proteins that can cause complications. Complications can include frequent infections, bone problems, reduced kidney function, and anemia[1].

AXTRIA
INGENIOUS INSIGHTS

PRE-WORK AND RECOMMENDATIONS

The advanced analytics team at Axtria served as the custodians of this project and started by evaluating market metrics for an appropriate Commercial Model Design (CMD) to launch the orphan drug successfully. A critical aspect of this CMD was an incentive compensation (IC) plan design for the orphan drug's sales team. Axtria's advanced analytics team studied the multiple myeloma patient population cohort and other critical market indicators to arrive at initial recommendations for the IC plan.

- **45 sales team members**: 39 account managers and 6 area directors were recommended for the IC plan for this account-focused orphan drug. After carefully analyzing the multiple myeloma market, understanding historic patient treatment patterns, and various discussions with the emerging biotech's commercial organization, these numbers were derived and optimized.

- **40 top accounts**: As part of the segmentation exercise to design the IC plan, Axtria's advanced analytics team used **24 months of** a competing brand's analog sales data to identify 40 top accounts with the highest market potential. This data was analyzed at a sub-national territory level.
  - **4,500 high-value accounts** with potential were identified using publicly available multiple myeloma claims data.
  - **1,900 focus accounts** with patient potential were identified as well.

- The infusion-based treatment property of the orphan drug made it suitable **for academic centers, government agencies, and hospitals and clinics**. The IC plan included these account types to ensure plan uniformity, equity, and coverage.

A THREE-PRONGED APPROACH

1. **Stakeholder interviews**: Axtria's IC design team started the solution approach with focused interviews of nine stakeholders across different roles in the emerging biotech. These leaders represented the Home Office (HO), commercial operations, incentive compensation, advanced analytics, forecasting, and national and area sales. These interviews helped understand the brand strategy, launch and sales expectations, and the desired behavioral outcomes. As a result of this exercise, Axtria's team derived four common themes for the incentive plan, forming the cornerstones for designing the proposed IC construct.

ONETEAM, ONE CULTURE,	PAY FOR PERFORMANCE,	FAIRNESS AND EQUITY	SIMPLICITY ALL ACROSS
Following a common guiding principle across all components of the IC design.	Recognizing performance as the primary driver to determine payouts.	Ensuring fairness and equity by accounting for market-wise variations.	Ensuring simplicity in the IC plan design for easy understanding and execution.

2. **Designing IC plan components and constructs**: As the following steps, the IC plan was developed at three levels, including the national, area, and territory-level individual components. These components would serve as different tiers to plan and evaluate the IC program. Each of these components was enveloped into multiple IC constructs designed to assess and reward performance. Some of these constructs included:
   – A common national goal
   – Area and territory-level individual goals and contests
   – All managers' compensation to be based on an average of the reporting rep earnings

   The area and territory-level constructs were designed to ensure equity amongst sales potential variations across the country. The pros and cons of all these components and constructs were discussed thoroughly with the emerging biotech's leadership team to ensure the proposed IC plan's budget compliance, equity, and fairness.

3. **Pay curve and budget sensitivity**: The final step was to tie all the proposed elements to a pay curve, which would govern the payout of all sales reps. Once designed, the pay curve was pressure tested to ensure budget compliance. Axtria's team also modeled and simulated fast start contents to understand the varying scenarios of winners and payouts.

THE RESULTS

The proposed IC plan, along with all its components and constructs, delivered powerfully on the critical themes of the emerging biotech's cultural DNA. Here's how the IC plan aligned with the salesforce strategy:

- The national goal component resonated with the "one team, one culture" theme. This component was very well received by the sales leadership, including the Head of Commercial Operations, the National Sales Director, and the Director of IC. The national goal also ensured collaboration, fairness, and simplicity across the board.

- Individual-level contests ensured fairness and accountability and addressed equity by acknowledging potential sales variations across national territories.

- Territories were segmented based on analytics-driven market potential. This segmentation ensured parity and equity while designing goals for the sales teams.

Axtria also provided directional guidance for the IC plan development for the upcoming 16-18 months.

BUSINESS BENEFITS

100% problem-free tactical execution on the field because of the IC plan's comprehensiveness and simplicity.

100% buy-in by the sales leadership, including stakeholders from sales leadership, area directors, and the HO.

Payout predictability with self-serve simulation-based earnings and payout models.

REFERENCES:

1. Multiple myeloma, Mayo Clinic, available at https://www.mayoclinic.org/diseases-conditions/multiple-myeloma/symptoms-causes/syc-20353378