

"A man is
great by
deeds, not by
birth"

-Chanakya

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INDIAN INSTITUTE OF MANAGEMENT KOZHIKODE



Case Study

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ZIDA CORPORATION

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ABSTRACT

Zida Corporation is a large multinational conglomerate with major interest in diabetes. Zida is a highly acclaimed multinational corporation in pharmaceuticals with about 70 percent of revenues coming from diabetes therapy. Raghav Jha, the South Zone head of sales, wanted to improve the efficiency of 45 odd medical representatives from seven districts in the Tamil Nadu (I) area. He called on Srihari, the newly appointed Area Manager for Tamil Nadu (I) region to develop an action plan to improve the efficiency of sales force.

ZIDA CORPORATION

Guda Sridhar and Anjan Kumar Swain
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Srihari was appointed as Area Manager in Zida for the Tamil Nadu (I)² recently. Zida is a highly acclaimed multinational corporation in pharmaceuticals with about 70 percent of revenues coming from diabetes therapy. Raghav Jha, the South Zone head of sales, wanted to improve the efficiency of 45 odd medical representatives from seven districts in the Tamil Nadu (I) area. He was particularly concerned about the low productivity levels of medical representatives (Exhibit – I). Raghav requested Srihari for an action plan to improve the efficiency of sales force.

The Company

Zida Corporation is a large multinational conglomerate with major interest in diabetes. Since past four decades, doctors prescribed their drugs as they stood for quality products and service. Recently the company recorded sales of Rs.1330 crores in 2016, a growth of about 8% over the last year. Profits (net) for this year was recorded at Rs.133 crores in 2016 a 16% jump in the profit over the previous year. Diabetes category is growing at 16% owing to hugely untapped market. The Indian diabetes market is likely to touch \$7500 million by the year 2023. Novo Nordisk, USV, Sanofi are major competitors in the diabetes segment. As per an estimate, about 40 million people in India have diabetes. Even though not diagnosed, about 65 percent of the population has Type 2 diabetes.

Salesforce.

There are about 1000 salesforce as medical representatives working for Zida. It has five products for diabetes care. Each of the medical rep is given a salary of Rs. 5,00,000 per annum. In addition, the company also gives commission on the achievement of the quota. The extra benefits earned by the sales reps are fixed at 2% when the sales quote achievement is 90% -

¹ This case is prepared by Dr. G. Sridhar and Dr. Anjan Kumar Swain. This case has no resemblance to any past or present organisation and is inspired from real incidents.

² Tamil Nadu was divided into two areas – I and II.

95%, to 3% when it is 96 -100%, then the commission becomes 4% when achieving 100 – 105% of the target and above 105% it is 5%.

A recent internal report has pointed out that its blockbuster product ZiDi is doing well in the market out of five diabetes products manufactured. Possibly, the salesforce is not spending their time and effort on these four products. Further, this poor productivity were attributed to the sales reps as they are not reaching out to enough big doctors, indiscipline in call making and follow-ups and poor product knowledge.

Zida strongly believed that the sales representatives could successfully accrue benefits for themselves, the customers and the company by simply carrying out four basic guidelines as mentioned below:

Guideline 1: Increase volume per account and reduce costs to sell.

Guideline 2: Spend appropriate time based on the type of account.

Guideline 3: Sell all the products in the diabetes care.

Guideline 4: Match the products to the doctor's prescription profile.

Account Categories

Zida Corporation works six days a week. It has classified all the doctors of diabetes division into three distinct classes based on their annual sales potential. Thereafter, a schedule for the number of calls to be made to the doctors or concerned clinics as per their classes are derived and suggested to the salesforce. Thus, the company has provided a template to their salesforce to proceed with the class of doctors they are dealing with. Essentially, this template consists of three classes of doctors such as Class A, Class B and Class C. The details of these classes are given below:

- i. Class A Accounts - Major clinics/doctors generating Rs.2,00,000 or more in their yearly sales – Two calls per month.
- ii. Class B Accounts: Medium – sized clinics/doctors generating a minimum of Rs. 1,00,000 up to a maximum of Rs. 2,00,000 in a year – one call per month
- iii. Class C Accounts: Small accounts generating less than Rs.1,00,000 in a year – one call every two months.

Raghav was concerned about the optimum allocation of sales effort to the accounts and he felt that the field force in certain districts were not following them. This is probably the reason for

the poor sales and profit per account. Raghav advised Srihari to monitor the gross profit as he used to say ‘We have to earn profit...not just sell’.

Srihari was planning to perform analysis on the standings and put an action plan in place. Indeed, he was not quite sure if the data was sufficient to take a firm stand. What could be his further requirements to develop a control and evaluation system for the Tamil Nadu (I).

Exhibit – I: Standings of Srihari’s Region (Last Year)

District	Chennai	Kanchipuram	Vellore	Thiruvallur	Villupuram	Cuddalore	Tiruvan- namalai
No. of Reprs	8	7	7	6	6	6	5
Population (Census 2011)	4646732	3998252	3936331	3728104	3458873	2605914	2464875
Sales Targets (₹)	98676160	84150000	81906000	75622800	74052000	60872240	52898560
Sales Actual (₹)	79337392	83925600	74630640	74455920	70032400	52330840	50386040
Gross Profit Targets (₹)	39480880	33660000	32762400	30249120	29620800	24348896	21159424
Gross Profit Actuals (₹)	29411448	32310760	27803160	29059800	25613840	20929192	18476880
Class A Accounts (Potential)	489	418	398	348	341	314	308
Class B Accounts (Potential)	1,142	993	884	824	804	760	728
Class C Accounts (Potential)	1,444	1211	1160	1140	1065	1026	990
Class A Accounts (Active)	165	153	126	89	99	74	84
Class B Accounts (Active)	522	497	420	330	402	342	364
Class C Accounts (Active)	572	484	626	456	426	410	432

Active Accounts indicate the doctors who prescribed for the last year.

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