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Drishti Eye Centre: Managing A Sales Force

Rajeev Kumra wrote this case solely to provide material for class discussion. The author does not intend to illustrate either effective or ineffective handling of a managerial situation. The author may have disguised certain names and other identifying information to protect confidentiality.

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On a sunny, cold day in January 2016, Dr. Amit Arora was returning from Lucknow in Uttar Pradesh to Faridabad in India’s National Capital Region after meeting with Deepak Jat, the area manager of Drishti Eye Centre (Drishti) for Uttar Pradesh state. Arora was the managing director and founder of Drishti. As he sat in a taxi on his way home, his thoughts were fixed on one of the members of Jat’s sales team, Prem Sharma, whose workplace behaviour and performance was causing a great deal of concern.

Sharma was one of two medical salespeople on Jat’s team in Meerut territory, and Arora had many reasons to be unhappy with him. In fact, it was because of Sharma that Arora had asked Jat to explain his “ineffectiveness in handling his sales team.” Arora had 10 years of experience managing Drishti, but this was the first time in his career that he had faced such a serious issue of catastrophic sales force conflict and sales team mismanagement. Arora feared that this issue would lead to intensified labour union agitation and destroy the cordial work culture within Drishti.

Drishti Eye Centre

Drishti Eye Centre was launched in 2004 by two dynamic medical practitioners, Dr. Amit Arora and Dr. Vineeta Arora, in the city of Faridabad in Haryana state in northern India. Dr. Amit Arora started his medical career in 1992 when he took a job in a secured government hospital in Rohtak. While attending a medical management executive course at a top business school in India, Arora’s attention was captured by a popular Harvard business school case study concerning India’s well-known Arvind Eye Hospital. He soon realized that he could make a difference to society by starting his own medical venture of the same kind. Arvind Eye Hospital served poor patients in a profitable manner, and Arora decided to join the staff there in order to learn about the organization’s business model. After working for two years at Arvind Eye Hospital and earning his advanced medical degree, Arora started his own modest clinic, Drishti Eye Centre.

Arora’s entrepreneurial dream to serve the poor was shared by his medical school classmate and long-standing friend, Dr Vineeta Arora. She had initially joined him at Arvind Hospital, only to move later to another of India’s legendary hospitals, Shankar Netralaya. Drishti rapidly became a runaway success, primarily because it had successfully emulated the business models of the Arvind and Shankar hospitals. Drishti provided advanced world-class treatment for various types of complex diseases at an affordable price, with warm, personalized service. Drishti quickly became popular, and Arora started buying various types of advanced eye equipment. Within a few years, Arora and his partner converted their clinic into a 50-bed eye hospital.

Motivated by the same goals that had driven its formation, Drishti soon began to deliver affordable eye-care services to poor patients in villages near Faridabad. A sales force was hired, and sales teams travelled daily from one village to another, convincing doctors at primary healthcare clinics to refer complicated eye patients to Drishti for high-quality and affordable healthcare. The sales teams reported to Arora, who would conduct a daily review of the teams’ call reports, orders generated, and travel expenditures. These efforts were so successful that an average of two to three referred customers would come from nearby villages every day.

Although Arora was formally trained as a medical practitioner, he had a natural ability for sales and marketing. He dreamed of expanding Drishti into other related areas to make optimal use of his sales team and leverage his own sales skills. Thus, Drishti formed a partnership with a local pharmaceutical manufacturer to market its drugs to doctors. This partnership was beneficial for both parties because the local manufacturer could take advantage of Drishti’s marketing skills, while Drishti gained a share of the profits from the pharmaceutical sales without having to invest in manufacturing. There was an inherent synergy in this related diversification for Drishti because it gave doctors the opportunity to refer patients and prescribe drugs. Drishti soon developed strong relationships with many rural doctors, and its sales force was able to utilize each sales call for the dual purpose of patient referrals and pharmaceutical sales. Arora clarified, “Selling drugs was the turning point for Drishti; it made lot of business sense.”

Drishti started doing quite well in many product categories, such as its antiseptic, analgesic, cardiac care, and ophthalmic ranges. The company had achieved a strong presence in analgesic products since their introduction in 2010; this was Drishti’s fastest-selling line of drugs, followed by the antiseptic range. The cardiac care range was new to the company, having been recently introduced in 2015, along with the ophthalmic drugs. The antiseptic, analgesic, cardiac, and ophthalmology product categories were targeted at surgeons, general physicians, cardiac surgeons, and ophthalmologists, respectively.

**THE DRISHTI TEAM**

The company’s sales team was organized according to geographical territories. Drishti’s presence was concentrated in northern India, where the company had first launched its services, but the goal was to expand across India. Drishti’s regional manager for India’s northern region was in charge of four states: Delhi, Uttar Pradesh, Punjab, and Haryana. Furthermore, for each of the four states, Drishti employed an area manager who led a team of six medical salespeople (see Exhibit 1). Each area manager was expected to manage distributors, handle interpersonal issues, motivate their team, and provide leadership, all while leveraging the strength of each team member to unlock their individual potential. Each area manager was responsible for conducting joint fieldwork with sales personnel to guide them on prospecting, customer persuasion, and order-taking.

Drishti’s medical salespeople worked as “missionary salespeople.” Their jobs involved creating demand for Drishti products and generating patient referrals by visiting doctors in their assigned areas. The sales team was also expected to book orders from independent chemist shops and hospital pharmacies, and in certain cases they also booked orders from clinics, nursing homes, and hospitals for antiseptic products that were dispensed by doctors. On a typical day, a medical salesperson was expected to meet 12 doctors and five chemists, and book orders from authorized distributors of their territory. Cardiac surgeons and ophthalmologists were the busiest doctors compared to other doctors in others specialities, so these practitioners were difficult to meet and could not be counted on to book orders with Drishti on a regular basis.

Each day, Drishti’s medical salespeople were supposed to self-report the number of doctors and chemists met, products promoted, responses from doctors and chemists, and orders booked; they were also expected to report on competitors’ activities in their territory. This evaluation system spared those non-performers who focused on sales call reports rather than sales achieved. Drishti’s senior management believed that the sales process itself was as important as the volume of sales achieved. Drishti’s management recognized salespeople’s efforts, such as the number of sales calls they made to doctors and chemists, the number of new doctors they were able to add, and the number of customers lost. The management team felt that sales activity had a positive correlation with sales productivity and sales volume. A few sceptics at Drishti were concerned, however, that this emphasis on sales activity might encourage the members of the sales force to overstate their efforts; it would also increase the administrators’ paperwork.

Most of the incentive plans for Drishti’s salespeople were linked to their sales achievements, which were measured against the sales targets set by Drishti’s management. Setting sales targets, also known as quotas, was a difficult task for the managers. Arora would typically measure the past performance of each manager and meet with them individually to understand their forecast for the next year’s sales. Arora knew that managers’ forecasted sales were full of subjective biases because salespeople would underestimate their forecasted sales to make their actual results look better, and they would make excuses for factors that adversely affected Drishti’s sales. However, Arora also used the objective regression method for setting sales targets and included market growth factors in his calculations. An appropriate amount of stretch was also added to projected targets to challenge the sales force, but the amount of stretch never exceeded 10 per cent because unrealistically high sales targets could demoralize the sales force.

**Distribution Model**

Drishti followed a typical Indian pharmaceutical distribution model (see Exhibit 2), which involved a conventional distribution system that engaged independent intermediaries who performed explicit marketing functions on behalf of firms. Drishti employed independent carry and forward (C&F) agents, independent distributors, hospital pharmacies, and independent chemists to distribute its drugs to millions of patients. The C&F agents were third parties whose roles and responsibilities included furnishing a warehouse, maintaining stock hygiene, collecting orders, transporting goods, and collecting payments from independent distributors.

Since these channel members operated as independent entities, Drishti regulated them by haggling and negotiating with them. As well, Drishti tried to exert some level of control over channel intermediaries like C&F agents and distributors by making them sign a legal agreement that specified the nature of their relationship with Drishti and clearly laid out the sales terms and conditions of the partnership. For example, the agreement specified the cost prices and selling prices of every channel member. This type of conventional distribution system was well suited to smaller companies like Drishti that could not afford to make an upfront financial investment in a distribution system. This approach to sales and distribution allowed Drishti the flexibility to terminate or modify the conditions of the legal agreement when such action was warranted. In this way, Drishti was able to reduce its risk, since independent intermediaries would purchase Drishti products upfront.

Drishti goods were transported from the company’s warehouse to a C&F agent. Drishti had one C&F agent per state and two authorized distributors per city. Typically, one C&F agent would supply 24 independent distributors in a state. Distributors for a particular city were appointed by Drishti and were expected to sell goods within their predefined territory. A distributor’s roles and responsibilities included buying and stocking Drishti products from a C&F agent, collecting orders from chemists/hospitals in its territory, supplying goods to chemists, and collecting payments. Distributors would typically visit chemists at their workplace to book orders and supply goods, with the exception of a few distributors that were located in wholesale markets. Chemists’ orders were booked by distributors’ salespeople with the company’s medical salespeople. Sales from C&F agents to distributors were called “primary sales,” and sales generated from a distributor to hospital pharmacies and independent chemists were called “secondary sales.” Chemists would selectively order only those brands and products for which doctors regularly wrote prescriptions.

**Sales Territories**

Each Drishti medical salesperson was allocated a territory within which to generate sales for their assigned distributor. According to the conditions of Drishti’s legal agreement, the sales territories were restricted, and distributors were not allowed to sell beyond their territory’s limits. Drishti implemented this restriction to ensure healthy sales and returns for each individual distributor; however, a few distributors were situated in a wholesale market and were called on to serve as distributor-wholesalers for that market. These operators were less inclined to send salespeople to book orders from and make deliveries to chemists. Also, because they were located in a wholesale market, they received orders directly from chemists in nearby towns as well as from their own territory. Thus, it was difficult for companies to stop these distributor-wholesalers from selling to chemists located in territories that were assigned to other distributors.

Medical salespeople’s base towns, where they concentrated their working hours in a typical month, were called “headquarter (HQ) towns,” and cities with high sales potential had more than one medical salesperson assigned to them. For example, two medical salespeople operated within Meerut HQ. Their term “peri-HQs” referred to nearby towns that medical salespeople could visit and return from within a day. “Outstation towns” were those slightly more distant towns that required a minimum of one overnight stay for coverage. Medical salespeople were assigned monthly sales targets, and their performance was measured based on primary sales made in a given month. The sales staff’s overall performance was based on the value of the invoices submitted by the C&F to their distributor and on various sales-related parameters.

Sales Force Management Issue at Drishti

Deepak Jat was an area manager for Drishti, stationed at Agra HQ in Uttar Pradesh state. In 2015, Jat was promoted internally, based on his past four years of exemplary performance as a medical salesperson. Prior to joining Drishti, Jat had worked for one year as a medical salesperson with another pharmaceutical company.

Ashish Bhatt had worked for five years as a medical salesperson for Drishti in Meerut, also located in Uttar Pradesh state. As a result of Bhatt’s hard work, Meerut’s sales grew, and Drishti management felt the need to recruit another salesperson, Prem Sharma. Bhatt and Sharma were both members of Jat’s team in Meerut. After Jat took over as area manager, he was warmly welcomed by both Bhatt and Sharma on his first field visit to Meerut.

**Meerut Sales Territory**

Meerut was geographically divided into two parts, Meerut I and II, and when Sharma joined the sales team, Jat assigned Bhatt the responsibility of dividing the sales territory into two parts as well. Jat conceded to Bhatt’s request to take on the Meerut I territory, which left Meerut II for Sharma. Bhatt and Sharma were also allocated five HQs and two outstation towns each.

The division of the territory was perceived to be quite fair and even, and the two parts were thought to offer comparable sales potential; however, the mix of specialties practised by doctors in each territory varied in that one territory had more surgeons and the other had more cardiac specialists. Bhatt had intentionally chosen the territory that had more surgeons who were already loyal customers of Drishti’s antiseptic product range, a move that would give him an advantage in terms of meeting the regular sales quotas for the territory.

Two firms, M/s. Kaizen Distributors (Kaizen) and M/s. Roopmati Distributor-Wholesaler (Roopmati), were the authorized distributors of Sharma’s and Bhatt’s territories, respectively. Both distributors also dealt with various companies besides Drishti. Bhatt had appointed Kaizen as a Drishti distributor just one month prior to Sharma’s recruitment. It was very clear that, financially, Bhatt’s distributor-wholesaler, Roopmati, was stronger than Sharma’s. Chemists flocked to Roopmati because of its downtown location in a bustling marketplace, and its percentage of counter sales was higher, compared to the sales generated from supplying to chemists at their doorsteps. As such, Roopmati not only supplied the chemists in Bhatt’s territory but also some of those in Sharma’s territory, who would visit Roopmati’s location in the wholesale market.

In contrast, Sharma’s supplier, Kaizen, was located outside the wholesale market area and therefore supplied only the assigned chemists in Sharma’s territory. The extension of one week’s credit to chemists was the norm for the market; however, distributor-wholesalers sold at discounted prices compared to pure distributors (see Exhibit 3).

**Federation of Medical and Sales Representatives Association**

In the pharmaceutical sector, medical salespeople had an option to join a labour union, namely, the Federation of Medical and Sales Representatives Association (FMSRA). Politically, this union was affiliated with the Communist Party of India (CPI). Any salesperson could become a member simply by paying a token fee, and the union would ensure the protection of its members’ labour rights, as enshrined under Indian labour law. The union handled various kinds of workplace disputes, such as grievance settlements between its members and their respective employers, protection from unfair terminations by employers, and salary-revision negotiations. None of the Drishti medical salespeople belonged to the FMSRA, a fact that served as a testament to the company’s amicable workplace culture.

**A DIFFERENCE OF OPINION**

As part of his area-manager responsibilities, Jat sometimes joined his team members on sales calls to the doctors and chemists within their respective territories. When Jat participated in these joint sessions in the Meerut territory, he observed that Sharma enjoyed good relationships with his clients. There were, however, two areas in which Jat felt that Sharma could improve. First, Sharma’s primary sales totals were lower than Bhatt’s; and second, Sharma’s personality could be quite argumentative. Jat directed Sharma to increase his sales by visiting a larger number of doctors in his territory.

On the day of Jat’s September 2015 visit, he and Sharma made several joint field visits during the daytime, and Jat then instructed Sharma to pay calls to a few more doctors on his own in the evening. As directed, Sharma went to meet the doctors that evening, only to come back the next day and tell Jat that making sales calls in the evening was prohibited by the FMSRA union norms. This news infuriated Jat, who told Sharma that he should either mend his behaviour and performance or look for another job. This remark irked Sharma, and he became defensive. Sharma argued that he was working very hard, and if his results were below Jat’s expectations, then it was not his (Sharma’s) fault. Jat just said, “Never mind” and let Sharma keep working.

In a subsequent sales meeting, Jat told Sharma that, starting in the next month, he should plan to increase his sales by ₹160,000[[1]](#footnote-1) per month over and above his current sales of ₹600,000 per month. For both Bhatt and Sharma, the initial sales target for the year had been established as ₹7 million each. This annual target had been agreed on by both men and accordingly divided up into quarterly and monthly amounts. Sharma knew it would be almost impossible for him to stretch his sales to meet Jat’s newly suggested figure, and he felt quite demoralized by his boss’s request. Sharma argued that it was wrong for Jat to unilaterally alter the already-agreed-on yearly sales target, and it was especially impractical to increase that target by 40 per cent when there had been no change in market conditions.

The act of a subordinate making this kind of argument to a superior was unheard of in conformist Indian society, and for that reason, Jat viewed Sharma’s behaviour as insubordination. Further, he felt it was a demonstration of Sharma’s lack of fighting spirit. Jat accused Sharma of having a negative attitude. For his part, Sharma felt that Jat had a personal bias against him and was being unfair in his evaluation of Sharma’s performance. Sharma also feared that Jat was making these baseless allegations as an excuse to terminate him.

**A New Member of the Union**

Following the disagreement with his boss, while on a field visit, Sharma met a union member who cajoled him to join the FMSRA. The union representative argued that it was difficult for any company to terminate union members because of the union’s political and legal power. Feeling insecure and worried about his job at Drishti, Sharma saw union membership as a ray of hope, and he decided to join. However, there was a repercussion to this choice that caused further friction between Sharma and his boss.

Jat felt that Sharma’s choice to join the union indicated to the company’s management team that everything was not right under Jat’s leadership, and at the next meeting between the two men, Jat furiously questioned Sharma about his decision. Sharma replied sharply that it was his constitutional right to become a union member. This meeting cemented the poor working relationship and feelings of mistrust that had grown between Jat and Sharma.

After some months, Jat called Sharma on a Sunday and informed him that on the next day, Monday, he would arrive in Meerut to work with Sharma on a joint field visit. Upon hearing this news, Sharma retorted, “You cannot conduct a field visit at such short notice. According to the FMSRA rules, managers are required to give at least two weeks prior written notice for any joint field visit.”

Jat replied angrily, “I am not bothered about any union. I will be reaching Meerut by bus tomorrow morning at 9 a.m. for a field visit. Meet me at the bus stop.”

**A CONFRONTATION**

When Jat reached the bus stop in Meerut on Monday morning, he was greeted by a group of approximately 50 salespeople from various other pharmaceutical companies, all of whom were FMSRA union members. The group surrounded Jat when he exited the bus and shouted angrily at him that he should abide by union rules regarding prior written notice for joint field visits. Jat argued back that he did not care about the rules and regulations of the union and that they were not binding for him. This statement further agitated the union members, causing them to turn violent, tearing Jat’s tie and shirt. The union members warned Jat that he could not work in Meerut anymore. If they found out that he was doing so, they promised there would be more violent demonstrations against him. After delivering this threat, the union members left.

Jat immediately called his supervisor, the regional manager for northern India, to report the incident and seek some guidance. Jat’s boss told him he should go to the police station and lodge a complaint of physical intimidation against the union members because physical violence and obstruction by union members was against the constitutional right of freedom to work. Jat heeded his supervisor’s advice and proceeded to the police station. Based on Jat’s complaint, the police rounded up all the union members, only to release them in the evening of the same day upon the guarantee of a local CPI politician. After their release from police custody, the union members and CPI political party workers threatened Jat again, saying they would murder him if he dared to visit Meerut in the future.

**The Situation Intensifies**

By now, the situation had really become dire. Drishti’s senior management was concerned that this incident had the potential to snowball and instigate similar behaviour in Drishti’s other medical salespeople, resulting in the erosion of the company’s good culture. After the incident at the bus station, Jat was summoned to Drishti’s head office and directed to resolve this issue amicably with his sales-team member. Bhatt was quite helpful during this turmoil and suggested that both Jat and Arora should not visit Meerut as long as things were so unsettled. Drishti management therefore decided not to visit the Meerut territory for the next three months. From that point, Bhatt was called to the head office every month for a meeting to review the situation in Meerut.

Interestingly, against all odds, Meerut’s sales were exceptionally good. Among the territories in Drishti’s nationwide corporate reach, Meerut ranked second in sales. According to Drishti’s sales incentive policy, a performance award was given to any team that met or exceeded its cumulative annual sales target. Medical sales teams that surpassed their cumulative sales target shared an incentive of ₹300,000. In addition to the team incentive, the individual who achieved the highest sales in a region received a cash award of ₹600,000 or a four-day paid trip to Singapore. These top-performing salespeople would be awarded a trophy and they would receive an invitation to dine with Arora; they would also be considered as potential candidates for promotion.

Drishti’s all-India sales meeting, at which these achievement awards would be distributed, was scheduled to be held in January 2016 and was eagerly anticipated by all of the top-performing medical salespeople. The event was supposed to be a proud moment for the salespeople to receive awards and to be acknowledged by Arora in front of the company’s entire sales force. At the November 2015 Uttar Pradesh area team meeting, Bhatt told Jat that he did not want to share the team performance incentive with Sharma since Bhatt felt that it was solely his own hard work that had earned the incentive. Furthermore, Bhatt would protest via a boycott of the function unless the company excluded Sharma from the incentive award.

Jat understood that it would be quite an embarrassing situation for the company—and, in particular, for him as Bhatt’s manager—if Bhatt chose to absent himself from the awards function. Jat counselled Bhatt that everyone knew that he was the top performer and that Sharma was just piggybacking on Bhatt’s achievements. Jat also promised Bhatt that he would soon recommend him for a promotion to area manager.

During the same company-wide meeting, Sharma reacted negatively to this conversation, claiming that it was a false allegation against him and arguing that Jat should evaluate the team’s performance objectively. However, Jat told Sharma that his lower primary sales figures reflected his poor performance (see Exhibit 4). After the area meeting concluded, Sharma continued to feel that Jat was unjustified in his performance evaluation, and he requested to be transferred to the Chandigarh territory, which was handled by different area managers. Arora turned down the transfer request.

Following this dispute with Jat, Sharma’s involvement in union activities intensified. In December 2015, he stood for union election and was unanimously voted in as the union’s state executive committee member for Uttar Pradesh. Sharma felt that, as a union leader, he needed to stand up for his rights and for workplace justice. In pursuit of that goal, Sharma sent a legal notice to Drishti in January 2016, alleging unfair treatment, labour exploitation, and human rights abuses.

Sharma’s meeting with the director

After receiving the legal notice of Sharma’s claim, Arora called Sharma and asked him to attend a meeting at the company’s head office the next day. Sharma reached the Faridabad office at 9 a.m. When Arora reached the office at 9:05 a.m., he saw Sharma talking to the dispatch manager regarding his distributor’s outstanding payments. Upon seeing that Sharma was engaged, Arora went directly to his office without acknowledging the man. However, after completing some important pending work, he called Sharma in to his office at 11 a.m., and the following discussion ensued.

Arora: Sharma, do you think you can file a case against the company and go scot-free? Let me make you aware that the company has a legal department whose job is to fight legal cases like these. Civil cases usually drag in Indian courts for many years. Mind you, the union will not give you any financial support to fight this case. Your reputation in the healthcare industry will be ruined.

Sharma: No sir, my intention is not to fight a legal case. Rather, I want to be heard. You must first please listen to me before forming any opinions.

Arora: You have sent a legal notice to the company—this is reality, not opinion. I will listen only if you withdraw the notice. Otherwise, the company will respond legally to your notice. Then we will meet and listen to each other in court.

Sharma (*silence*)

Arora (*after one minute of silence*): I know your father is an army officer. Does he know all this is going on?

Sharma: No.

Arora: You are such a young boy. I am really concerned about how badly your father will feel when he comes to know about this court case.

Sharma: Yes, you are right. I will withdraw the notice.

Arora: No, not in the future. (*takes out a blank piece of paper*): You will write now that you are withdrawing the notice.

Sharma (*writes a note to withdraw legal notice*): Now, you should listen to me as well. I have a great respect for you, but my area manager is not good and is highly biased.

Arora: But my information is that you made the local union turn against Jat. You also refuse to take his orders, such as working in the evening.

Sharma: Sir, this is incorrect information. I never informed the union about Jat’s visit to Meerut. I always abided by my senior’s orders; on the contrary, it was Bhatt who had met me that evening and told me that I should inform Jat that working in evening is against union rules. I was new and unaware of the union’s rules, so I relied on whatever Bhatt told me.

Arora: This is really shocking! Why didn’t you tell Jat that Bhatt had instigated your actions?

Sharma: Sir, they are good friends, and Jat goes to Bhatt’s house frequently. Why would Jat believe me? He even fails to acknowledge my performance.

Arora told Sharma that he would look into the matter in depth. After his meeting with Sharma, Arora called both Jat and Bhatt for a joint meeting at the Lucknow regional office. Once the three men were assembled, Arora asked Bhatt directly, “Did you instigate Sharma’s actions against Jat?”

Arora expected that Bhatt would likely deny this allegation, but instead, Bhatt admitted to it.

Arora (furiously): How dare you! Didn’t you know that was unethical? Why shouldn’t *you* be terminated?

I fail to see any logic that will justify your actions.

Bhatt: Jat and I started our careers together and we both have the same number of years of experience. I am consistently the top performer at Drishti, but I am still only a salesperson, while Jat has been given a promotion. I feel humiliated reporting to Jat. I feel that my work is not acknowledged.

Jat was flabbergasted and at a loss for words. Arora was taken aback by Bhatt’s outburst. Thinking aloud, he asked, “How should I deal with this destructive sales team conflict?”

Exhibit 1: Sales Organogram for Drishti Eye Centre

Managing Director

(Dr. Amit Arora)

Regional Manager – North

Area Manager –

Haryana State

Area Manager –Punjab State

Area Manager –Rajasthan State

Area Manager –

Uttar Pradesh State (Deepak Jat)

Medical Salesperson – Meerut II (Prem Sharma)

Medical Salesperson – Meerut I (Ashish Bhatt)

Source: Company files

Exhibit 2: Drishti’s Distribution Model

Drishti Warehouse

Carry and Forward Agent

Primary Sales

Distributor /

Distributor-Wholesaler

Secondary Sales

Independent Chemist /

Hospital Pharmacy

Prescription

Doctor

Patient

Source: Company files

Exhibit 3: Comparative Chart of Distributors WORKING WITH Sharma and Bhatt

|  |  |  |
| --- | --- | --- |
|  | **Sharma’s Distributor** | **Bhatt’s Distributor** |
| Classification | Distributor | Distributor-Wholesaler |
| Coverage Area | Chemists in Sharma’s  territory only | Chemists in both Bhatt’s and Sharma’s territories |
| Delivery Vans | 5 | 8 |
| Counter Salespeople1 | 1 | 6 |
| Distributor’s Field Salespeople2 | 9 | 4 |
| Total Number of Distributor Salespeople3 | 10 | 10 |
| Annual Sales Turnover | ₹289 million | ₹389 million |

1 Counter salespeople sell pharmaceuticals over the counter to chemists who visit a distributor-wholesaler’s outlet.

2 A distributor’s field salespeople sell pharmaceuticals by visiting chemists’ outlets.

3 Both counter salespeople and distributor’s field salespeople were on the payroll of the distributor/distributor-wholesaler.

Source: Company files

Exhibit 4: Sales Force Performance Comparison

(all currency references are in ₹)

|  |  |  |
| --- | --- | --- |
|  | **Bhatt** | **Sharma** |
| Net sales1 of analgesic range products | 3,500,000 | 3,000,000 |
| Net sales of antiseptic range products | 2,900,000 | 1,700,000 |
| Net sales of cardiac care range products | 700,000 | 900,000 |
| Net sales of ophthalmology range products | 900,000 | 1,600,000 |
| Total net primary sales | 8,000,000 | 7,200,000 |
| Sales expenses | 500,000 | 350,000 |
| Number of doctors called on in a year2 | 3,300 | 3,960 |
| Number of chemists called on in a year | 1,050 | 1,700 |
| Number of new doctors acquired | 10 | 350 |
| Number of doctors lost | 25 | 20 |

1 Net Sales = Gross Sales – Sales Return (Expiry and breakage goods), if any

2 Drishti Medical salespeople work 24 days per month.

Source: Company files

1. ₹ = INR = Indian rupee; all currency amounts are in ₹ unless otherwise specified; US$1 = ₹66 on January 1, 2016. [↑](#footnote-ref-1)