
Fact Sheet – 6011

Compensation Levels for Sales Representatives, District and Regional Sales Managers



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Foreword

Life science organizations allocate considerable amounts of money to support commercial functions and field sales forces in order to gain market share and position products for optimal sales results. Although companies make every effort to control spending in this area, by reducing distribution of samples and finding alternative communication channel to limit travel, the complete cost control of the sales representative function is challenging.

Research shows that the average yearly cost per sales representative to be around \$260,000 and up to \$450,000 depending on geographic area, therapeutic area, and type of physician targeted.

Retention of talent is difficult in a highly competitive industry like life sciences. For the most part, compensation is often the basis for individuals to move from one company to another as competitors may have more attractive packages that act as magnets to get the best talent.

Companies' upper management and human resources departments usually base their compensation structure on internally developed guidelines and limited public information.

Losing talent damages relationships with outside stakeholders. For the commercial function, it means disruption of relationships with physicians.

Hiring for replacements is expensive and time consuming. It may take up to three months for new hires to get up to speed and restore the vacated function to where it was before.

Offering the best compensation packages may be costly, but being below industry standards might prove costlier. In the long-run, better paid employees, when justified, stay longer with companies, which in turn bring stability to operations and offer the best risk to reward ratio.

In this Fact Sheet, Arx Research reveals base compensation variations for sales functions in the U.S. The findings presented in this Fact Sheet result from the input of 67 respondents from 29 U.S.-based life science operations.

Sales Representatives' Compensation

Compensation for specialty representatives averages \$106,846. While the starting base salary is \$59,700, a specialty sales rep can make as much as \$191,000 per year in base compensation. On average, a specialty sales rep makes an additional \$39,000 in bonuses on top of his base salary.

Primary care representatives' average compensation is \$82,565, or 23% below specialists. A starting base salary for a primary care rep is \$53,730, or approximately 10% less than what a specialty rep may earn at entry level. Based on survey results, top level and experienced primary care representatives will earn a maximum of \$119,400 per year. The average yearly bonus for primary care representatives closely resembles that of an average specialty rep.

District and Regional Managers' Compensation

District managers earn an average \$124,166 per year in base compensation, while a district manager's entry level compensation starts at \$71,640, it can go up to \$244,770 per year for veterans. District managers' yearly bonuses average \$49,422.

Regional managers earn an average of 47% more than district managers, at \$182,472. Their base compensation ranges from \$120,000 to \$262,680. Yearly bonuses vary from \$30,000 to \$120,000 for regional manager roles, and averages \$69,764.

Figure A shows how total compensation compares from one sales role to another and how base salary and bonus progress through the levels. From a primary care representative role to a regional manager position, the average yearly compensation varies 110%, while the compensation of the best paid regional managers is 83% superior to a top-salaried primary care rep.

For employees moving from a primary care representative role to a specialty rep role, they will experience an average 21% jump in their yearly compensation. A specialty representative moving up to a district manager position can expect an average 19% jump in earnings, while the move from district manager to regional manager proves to be more lucrative, with an average 45% increase in total compensation.

Progression of Salaries by Position Levels

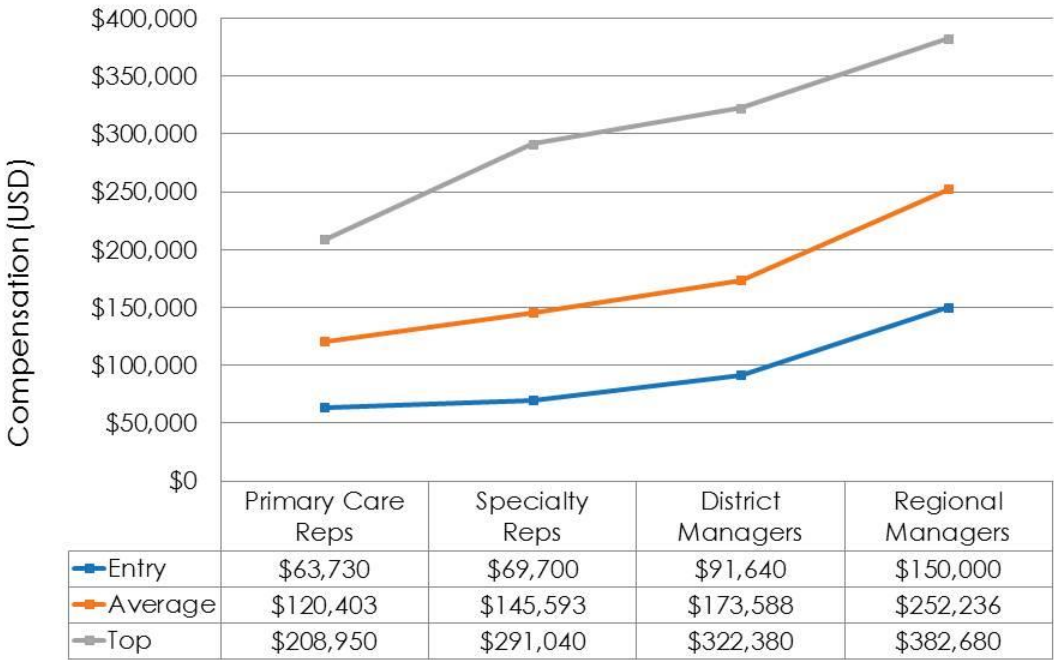


Figure A: Progression of Salaries by Position Levels

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Full Study

The findings presented in this Fact Sheet are extracted from the following study:

Pharmaceutical Sales Forces: Effectiveness and Productivity Benchmarks of U.S. Teams

(report code SAL-601)

This study investigates pharmaceutical sales forces in United States. The analysis covers the current sales force landscape, organizational effectiveness, seven team profiles, sales representative activities, and key metrics on visits, details, exchanges with physicians and costs. The study also includes compensation for specialty and primary care representatives, district and regional managers

Published: 2015 | Number of pages: 67 | Format: Full Analysis, PDF

WEBLINK: <http://www.arxresearch.com/reports/pharmaceutical-sales-forces-effectiveness-productivity/>

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