



# Break the Barrier with Next-Generation Commercial Policies

## Did you know you can boost margins using commercial policies?

Typically, “policies” are associated with “policing,” like a strict and complicated law you must follow.



**Viewing commercial policies as a partner rather than a policeman** enables you to develop robust strategies for a competitive advantage, gain control of pricing and contracts, boost margins and allows you to:

Meet pricing pressures

Provide agility

Speed time to market

## What does it take to develop a strong commercial policy framework in Life Sciences?

These 7 steps are a launching pad for breaking barriers and moving beyond just setting up boundaries and defining a common framework in your organization...

1

Commercial policies should **define standard sales channels and target customers** such as:

- Hospitals
- Retail stores
- Pharmacies
- Chain pharmacies
- Distributors
- Routes-to-market

2

**Include what commercial terms to offer**  
Terms are much more than trade guidelines. They should contain financial terms like payment terms and the company's target margin for a specific market or brand.

**Determine what benefit types you want to include** and if they are conditional, unconditional or based on sell-in, sell-out or sell-through. And if the type is:

- Lumpsum
- Free goods
- Service
- Percentage
- Cost per unit
- Special financial term

4

**Pinpoint what business stakeholders to target** with the above benefits and ask:

**WHY** should we offer this benefit?

**WHAT** do we want to gain from offering this benefit?

5

**Identify common terminology**

Common terminology is needed to define a common framework and boundaries that you can measure.

**For example:**

Are the list price and gross price the same?

Is the ex-factory price the same as the patient price?

**Define limits, price corridors or target margins** depending on company maturity and know:

What happens when I give more discounts for closing a sale?

How many additional sales units are needed to maintain gross profit?

When should we increase or decrease the price based on total unit sales?

**Set precise governance and approvals** by defining:

- Process and procedures
- Guidelines
- What organization will help define the guidelines and procedures
- Tools for global and local policy and approval exceptions

## This is the next generation

of commercial policy frameworks needed by Life Sciences companies to reach beyond boundaries and focus more on margin and company strategies that affect all revenue management processes.

Deep dive into the 7-step process:

Watch the On-Demand Webinar

Learn more about boosting profits with commercial policies:

Read the Blog