

DOW JONES INDUSTRIALS 9,320.19



33.63

NASDAQ 2,011.31



2.70

BLOOMBERG INDIANA INDEX 318.40



2.09

S&P 500 1,005.65



3.02



TOM STRICKLAND / Bloomberg News

STAFF CUTS: Eli Lilly and Co., which has headquarters (shown) in Indianapolis, targeted 4,000 U.S. sales representatives in buyouts announced Tuesday. The buyouts are in Lilly's U.S. diabetes, neuroscience and osteoporosis units as it overhauls its sales-call structure.

Lilly unveils buyouts to shrink its sales force

Drug maker's offer aims to cut several hundred positions

By John Russell

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Eli Lilly and Co. is offering buyouts to 4,000 of its U.S. sales representatives, with a goal of trimming several hundred positions as it prepares to overhaul how it pays visits on physicians.

The Indianapolis drug maker said Tuesday it is offering the buyouts to workers in its U.S. diabetes, neuroscience and osteoporosis units. The buyouts would amount to less than 10 percent of the company's sales force.

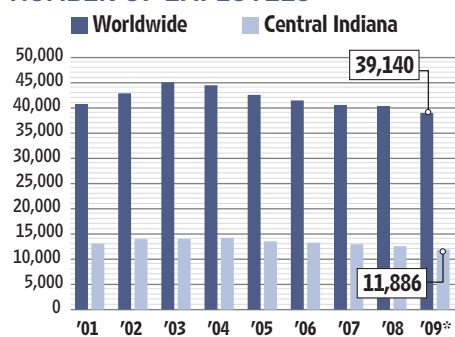
Employees who accept will get the company's standard severance package, along with an additional four months' pay, spokesman Ed Sagebiel said.

Lilly is facing a sharp dropoff in revenues starting in 2011 when its blockbuster begin to face generic competition. The company is under pressure to cut

TRIMMING THE RANKS

Eli Lilly and Co.'s Central Indiana work force has steadily decreased since 2004.

NUMBER OF EMPLOYEES



*As of June. Worldwide numbers include Central Indiana's.

Source: Eli Lilly and Co.

The Star

costs as it searches for ways to replace more than half of its revenue base over the next five years.

Sagebiel said the reductions are partially driven by the "economic realities." But he said it is part of an ongoing effort to better connect sales representatives with customers, primarily the doctors

who prescribe the drugs.

Physicians have told the company they want just one contact in the company. Currently, Lilly and many other drug makers send numerous sales representatives to each physician's office.

"It's part of how the system was set up," Sagebiel said.

The new structure, which will take effect in January, will feature smaller territories, each with one sales rep who has deep expertise in a treatment area, he said.

He declined to say how much the restructuring and buyouts would cost Lilly in the short run, or how much they might save the company in the long run.

If the buyout offer doesn't generate enough interest, Lilly will look at other options, Sagebiel said. He declined to say if layoffs were one of those options.

Like many drug makers, Lilly has been trimming many positions in recent years. As of June, it had 39,140 workers worldwide, including 11,886 in Indianapolis, down from nearly 45,000 worldwide and nearly 15,000 in Indianapolis in 2004.

★ Call Star reporter John Russell at (317) 444-6283.