

Insights on the Evolution of Occupational Health Sales

This article is from Visions, Volume 10, Number 6, May/June 2000

TREND IS TOWARD HIRING AND REWARDING PROFESSIONALS WHO UNDERSTAND AND HAVE EXPERIENCE IN RELATIONSHIP SELLING.

The following is an interview with Frank Leone, president/CEO of RYAN Associates and executive director of the National Association of Occupational Health Professionals, and Carolyn Merriman, president of Corporate Health Group. Mr. Leone and Ms. Merriman are the authors of *Comprehensive Guide to Occupational Health Sales and Marketing*, and course instructors for *Practical Training in Occupational Health Sales*.

Q: *You have both been involved in occupational health sales and marketing for many years. To what extent have sales and marketing efforts evolved during that time?*

Ms. Merriman: The field is experiencing a shift from pure industrial medicine or traditional occupational health sales to an approach that embraces a focus on the employer as the purchaser of a broader scope of products and services. Some of the services being placed under the occupational health umbrella include wellness and prevention, rehabilitation, on-site services, women's and children's health, and disease or care management. In some cases, sales staffs are representing the organization in its entirety to a customer.

Mr. Leone: There has been a tremendous evolution in the past 10 years. First, hiring of sales professionals has become more appropriate, with individuals who have more sales experience being recruited and retained. Secondly, compensation is becoming more realistic in terms of salary and structure. Third, job descriptions are focusing more on direct sales rather than a myriad of miscellaneous functions.

Q: *What other sales and marketing trends have you observed that are particularly relevant to today's occupational health environment?*

Mr. Leone: There has been a transition, albeit modest, from commodity sales to relationship sales. Occupational health sales should reinforce the message that a health care organization has the ability to provide broad-based health management for their clients. This is accomplished through a combination of traditional commodity sales and progressive relationship sales.

Ms. Merriman: Health care sales were extremely hot in the early to mid-1980s. But the sales effort was gradually cut back or absorbed because we couldn't measure and demonstrate the outcomes and values associated with it. Now, sales is back in vogue because hospitals and health systems have acknowledged that they need to be customer-focused. Health care organizations are recognizing that they need a directly managed sales force as part of the overall marketing mix. Marketing makes the customer thirsty; sales satisfies their thirst.

Q: *It seems that a growing number of occupational health programs are adding sales*

professionals to their teams. What tips would you like to give these programs in terms of recruitment, retention and appropriate compensation?

Mr. Leone: Successful recruitment and retention begins with appropriate compensation. Overall, compensation in this field is still not where it should be compared to other industries, so programs are not as likely to get the best talent. It's important to open our minds and our doors to experienced sales professionals who are outside of the health care industry. In an era of considerable personnel cutbacks, too many organizations find it necessary to move someone over from within, rather than recruit from the outside, even if it's an inappropriate match. It's reasonable to expect an experienced sales professional who has worked in another industry to master the nuances of the occupational health product line.

Ms. Merriman: In recruitment, health care organizations need to do a better job of clarifying exactly what they want the salesperson to do and what they expect the outcome to be. Too often they select someone who doesn't reflect their culture or style, or deliver expected outcomes, and later wonder why it's not working out. As far as retention, many organizations fail to build an infrastructure to support the sales process. An organization will take the effort to hire seasoned sales professional, but fail to provide him or her with access to an information system or database, clerical assistance, or marketing and tactical support. True sales professionals have certain expectations about the type of support they need to perform their job.

Q: *What specific recommendations do you have with regard to compensation?*

Ms. Merriman: We encourage a base plus incentive. Typically, base comprises 60 to 75 percent of salary. We discourage disincentives such as take-aways and escrow accounts. Performance-based pay programs, which are becoming common in health care organizations, are another alternative. Performance-based pay programs typically measure patient volumes or visits, revenues, covered lives, number of contracts, product sales, and client retention or satisfaction. The more these measurements are tied to organizational goals, the better the sales person is going to be able to prove their value to the organization. Many organizations seek position justification in terms of return on investment. Some programs still pay a commission based on revenues or visits, or provide annual or stretch bonuses when sales targets are exceeded. And there are some organizations that encourage cross-selling of products and Levy ices outside the control of the occupational health program by paying a referral fee.

Mr. Leone: Incentives should be based on across-the-board, top-line gross revenues compared to budget or quota. Secondly, a "pool" should be set aside for the entire sales and marketing team to share in order to foster a cohesive effort. For example, individual commissions could be supplemented by an additional 1 percent of incremental gross revenues that are divided among the team.

Q: *We hear a lot about outcomes based sales and marketing. What is the state-of-the-art in outcomes-based sales? Are many programs actually practicing this technique, and if so, to what degree?*

Mr. Leone: The state-of-the-art is improving, but it is still comparatively unusual for a significant sales presentation to build around real measures of outcomes and cost

savings. We need to build our approach around the customer's perspective. Outcomes, in some form, should be part of every sales effort, but the degree to which one might use outcomes varies. It can be as simple as reporting that 95 percent of patients are seen within 11 minutes of arrival at a clinic, to more sophisticated measurements of savings associated with clinical and preventive interventions. Outcomes measurement is not a switch you turn on and off, it is done continuously.

Ms. Merriman: I agree that we are a long way from where we need to be. We are just starting to track data and make the data mean something. We haven't quite built or defined what the outcomes need to be. We advise occupational health professionals to use their own organizations as a case study, and then take the results out to the market. Employers value demonstrated outcomes, and this serves to further differentiate the sales person and their services from the competition. There also is a tendency to underestimate the value of internal sales. The sales team needs to use outcomes to sell internally by continually educating management as to the value of sales and the occupational health program.

Q: *Other than on-the-job training, what is the optimal educational venue for enhancing one's performance in sales?*

Mr. Leone: There is no substitute for continuous training, and the best setting is training with your peers. Being nurtured, sharing experiences and growing together is the best way for sales professionals to move from B level to A level.

Ms. Merriman: Health care organizations need to invest in training the sales staff when they are hired *and* in ongoing training for retention purposes. The investment pays off in decreased turnover costs and increased sales results.

Q: *What advice do you have for occupational health sales professionals in terms of their long-term career objectives?*

Ms. Merriman: We are seeing some organizations form a centralized sales force, targeting different customer groups. This gives the sales professional a chance to be recognized and an opportunity to move up into a management position.

Mr. Leone: It is important for sales professionals to have a sense of where their ultimate career path lies. Some people leave the field because they don't appreciate its real potential. Health care sales is becoming oriented toward education and relationship-building, which are more challenging and satisfying activities than traditional sales. Young sales professionals tend to overlook the fact that sales and marketing provides a foundation for learning to express intrinsic value, persuade others, coalesce thoughts and enhance communication skills. Experience in occupational health sales provides one with a series of tools that can subsequently lead to leadership roles.

Q: *Our industry has been impacted by tight hospital budgets, organizational consolidation and the emergence of national players. What challenges are on the radar*

screen for the years ahead and what advice do you have for occupational health sales and marketing professionals to anticipate and respond to these challenges?

Mr. Leone: We are clearly in an era of extraordinary change in health care, which many view as frightening. I see it as an opportunity. With change comes new energy, and new energy provides significant opportunity for growth. The field of occupational health is past the point of horizontal expansion and at the outset of an era where it is growing vertically. We are on the verge of discovering the breadth and depth of what a health care organization truly has to offer employers.

Ms. Merriman: Health care has gone through some tight cutbacks on all sides, and most organizations are starting to say, "We have cut everything we can." CEOs are looking for growth strategies, and one of those strategies is occupational or corporate health utilizing a focused sales strategy and staff. Sales professionals have an opportunity to strengthen their own positions and enhance the status of occupational health within their organizations.

Q: *Lastly, what can a sales person do to change the perception of occupational health as a loss leader rather than a profit center?*

Ms. Merriman: You need a plan that quantifies and demonstrates how you are going to achieve your goals. Historically, there have been few tactical plans used to implement and measure program outcomes. A plan is critical, and everyone in the organization has to buy into the plan. The sales professional should understand their organization's top five growth strategies and look for as many ways as possible to tie into them. Then they have to be able to track, measure and report, and that means having an automated information management system.

Mr. Leone: The most important thing is to diligently try to eliminate non-productive time. The best vehicle is to provide sales professionals with exceptionally strong financial incentives so the organization ensures that its goals are being achieved. We need to give more than lip service to team performance as well as individual performance and recognize success with tangible financial rewards.