

## Ready for the Empowered Consumer? Providers Need Retailer's Attitude

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### **Nascet Projects Seek Best Practices, Systems from Retailers**

If you're looking to improve your admitting process, streamline your billing, retain new hires, increase your market share, or build loyalty among your patients, you may be looking for benchmarks in the wrong place.

The wrong place, that is, if you're looking within the health care industry. If you want to see dramatic improvements in these areas or in processes relating to customer service, sales, or marketing, you need to benchmark with retailers, experts say.

That's because retailers discovered long ago how to cater to consumers, an increasingly fickle bunch with high expectations for service, quality, convenience, and access. A consumer, for example, can check flight schedules and airfares and book tickets on-line from the comfort of home. Even though that transaction has nothing to do with health care, it still raises the bar of what's possible. That same consumer may not have much patience with a physician's office staff who say they can't book an appointment for weeks.

And that consumer is likely to be a baby boomer, which means he or she is getting old enough to need more health care and rich enough to be willing to pay for better value and convenience. Think about Starbucks and Dunkin' Donuts, says Karen Corrigan, vice president for system development at Sentara Health System in Norfolk, VA. Both sell coffee and pastries, but the shopping experience from one to the other is worlds apart, and people are willing to pay more at Starbucks.

Boomers are willing to pay more for a better experience in healthcare as well, and if you can't give it to them, they can easily find out who will. The Internet has given patients the power of information. You are no longer their only source of health care knowledge.

"It's important right now for the health care industry to research, watch, understand, and begin to make some movement to respond to what consumers are telling us," Corrigan says. "This consumer movement has the

potential to impact the industry as much if not more than the managed care movement. Organizations that don't change will erode their position over time. Organizations that don't start along the learning curve now will find it harder to catch up when the time comes."

### Key Points

- The aging of baby boomers and the rise in popularity of the Internet are creating a new kind of consumer who demands quality, service, and convenience from health care.
- To find out how to meet those demands, providers are beginning to benchmark with retail companies experienced in catering to consumers.
- Retailers can offer help for such processes as inpatient admitting, marketing, billing, sales, product development, and recruiting and retaining employees.

### Why Not Get ideas from GE or Xerox?

As part of that learning curve, Sentara is doing market research with consumers through focus groups and surveys to find out how their purchase patterns are changing, what their level of satisfaction is with health care, and what types of products might interest them. And the system is doing extensive benchmarking outside the health care industry. "The same kind of strategies that are used to reach consumers, create products, create brands, and create demand for services can be used in health care as they have in other industries," Corrigan says.

In fact, Sentara has quite a list of Fortune 500 companies with which it has benchmarked since establishing the "reinventing" department in 1995, says director Ken Rice. Procter & Gamble, Marriott, USAA, Xerox, General Electric, Johnson & Johnson, and Coors, to name a few, have all provided valuable insight for various processes. You can't look for numbers when you go outside the industry, Rice says, because it's too hard to compare apples to apples or even to stay within a fruit salad. But you can get ideas. "Every process we touch, we try to include benchmarking," he says. "We look to see if there's a comparable process outside health care that makes sense, one that we could try to garner good breakthrough ideas from."

One successful benchmarking effort with General Electric, AT&T, QVC, and Xerox led Sentara to cut its call center costs by 40%, decrease customer waiting time by 60%, increase productivity by more than 250%, and reduce the call abandoned rate to less than 5%, Rice says. A Sentara group visited GE's call center and learned about providing extra service hours, keeping waiting times low, achieving standards, monitoring calls for feedback sessions,

training workers, and measuring their efforts. “It led to us centralizing, consolidating, and automating measures for our telemarketing call center,” he says. “We went from a decentralized, not very sophisticated series of five call centers to one very high-tech, streamlined, productive call center.”

Sentara isn't the only provider interested in retail strategies as evidenced by the launching of The MedTrend Group, a Minneapolis-based consulting group that focuses on revenue, retail, and value-added strategies for doctors, hospitals, and health care systems. The group is sponsoring its first retail conference in January in Las Vegas, where it will present best practices in retail strategies gleaned from months of site visits around the country, says Steve Hillestad, a partner with MedTrend and former vice president of strategy, marketing, and business development for Allina Health System in Minnetonka, MN. Conference topics include: why retail should be in your future, top 10 tips for ensuring retail success, and what the practice of the future will look like.

Hillestad says that with consumers' interest in convenience, value, and knowledge comes an opportunity for providers. Physicians' offices are probably in the best situation to make more money and provide more value for patients through retail products and services, but hospitals can also get in the game. “Hospitals have these huge orthopedic departments or cardiac departments or neurologic departments, and it's hard for them to see getting involved in these retail products that seem to be small-dollar items,” Hillestad says. “But hospitals are going to get picked apart by new competitors entering the market. And while they may not get into these kinds of deals, others will. So hospitals simply need to make a decision; is this something they want to be into or not?”

At Memorial Hospital and Health System of South Bend, IN, the answer to the retail question is yes, says Philip Newbold, chief executive officer. “Empowered consumers change their minds every 20 minutes,” he says.

“We've been pretty well insulated from that before, but this is a different kind of market than we've ever had to deal with. People expect personal attention. We need to make a gradual evolution toward making many decisions almost like a retail store. To do that, you need well-trained frontline people and the infrastructure to pull it off. There are pretty profound implications from all areas of the hospital,” Newbold adds.

Memorial Hospital has begun the process by benchmarking with local retailers with whom it already has relationships as event sponsors and as board members. Memorial staff have had informal conversations about marketing, training and setting up an infrastructure. “I've talked to their people to ask a series of questions:

How do they get closer to the consumer? How do they segment their market? How do they lay out an aisle?" Newbold says. "You can pick up different points of view on laying out your services from the customer's point of view. That's the biggest shift, I think – to get focused on the patient as a consumer."

Because of the Internet, patients know more about their conditions than ever before. "People are coming armed with 20 of the toughest questions when they come to see the doctor," Newbold says. "We had our first inquiry recently from someone who's thinking of coming into our hospital next year and wants to know how we are year 2000 compliant before they decide to use our facility."

Ideas the hospital is experimenting with include: 24-hour access through call centers, giving patients access to physicians by e-mail, providing newborn photos confidentially on the Internet, and helping patients with on-line research. "If patients are diagnosed with cancer, instead of giving them a brochure, you can sit down with them at a computer terminal and show them health information Web sites, get them into an Internet self-help group, or show them how to go on e-mail with their physician to get questions answered," Newbold says. "That may be a good way to build a practice and build some loyalty."

Carolyn Merriman, president of the Omaha, NE-based consulting firm Corporate Health Group, says patients aren't the only customers. "When you're looking at customer-based strategies, the physicians, the employers, and the payers can be customers as well as the patients," she says. That means sales and marketing strategies are just as important within the organization as without, especially in a situation where a hospital is purchasing physician practices and needs a strong infrastructure.

But, Merriman says, there's not much benchmarking information out there on how to improve healthcare sales and marketing. So her firm, along with The Alliance for Healthcare Strategy and Marketing in Chicago, is doing a survey on health care sales among 3,000 providers to get information on such areas as management, compensation, training, and planning.

The group is also doing the first collaborative benchmarking project on sales compensation in the health care industry. The six-month study will start this month with between eight and 15 providers to identify processes for measurement. The participants will gather internal data and look for external benchmarking partners, including retailers.

"Retail has phenomenal models to learn from," she says. "You don't have to start from scratch." Areas in which retail ideas can help include growing and retaining business, creating value, tracking outcomes, marketing, and advertising.

“Clinical people always say ‘we’re different.’ But it’s the process that’s important,” Merriman says. “If you’re looking at a lab in a hospital and the process is the management of paper from the patient to the computer, how is that different from the management of paper from a teller at a bank to the computer? That’s the piece we in health care have neglected. We’d be better off doing more external benchmarking than internal.”



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