

# Healthcare Sales: Relationship Marketing at Its Best

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By Anne West

COLUMBUS, OH— The role of the traditional physician liaison is changing like almost everything else in healthcare today. According to the Health Care Advisory Board in Washington, the employees who often stepped into the liaison role in the past—typically nurses with strong service skills—were “ill-equipped to navigate contentious, business-related interactions with physicians.” They were positioned as ambassadors to physician practices and were “not empowered to address factors contributing to physician disenfranchisement.”

Today, the trend toward more formal physician sales programs and more empowered “sales” people is growing. Whether it’s called referral source marketing, a physician liaison program or sales, this function is becoming a key element of overall healthcare marketing strategies.

## **Selling “Sales”**

In 2001, only seven percent of hospitals had a formal sales department according to a study by the Society of Healthcare Strategy and Market Development. Columbus Children’s Hospital in Columbus, Ohio, was one of the early leaders in the field.

Donna Teach, Vice President Marketing and Public Relations, realized the need to sell the role internally before hiring a sales staff to hit the streets. “We started with an internal champion, who happened to be our medical director,” she says. “He was a partner in building the program and he saw it as a key part of our quality initiative. Today, we have a number of administrative champions who see value in the sales team and its ability to both build relationships and generate revenue.” CHRISTUS Schumpert Health System in Shreveport, Louisiana, has two full-time sales people in the marketing group and six others in various service lines that have partial sales responsibility. The marketing group reports to Pat Keel, Chief Financial Officer, who says most people in their system thought of marketing as only advertising before the launch of the sales program about 16 months ago. She often heard complaints about the system’s inability to compete in the market because other providers had people in the market who would respond quickly.

“As we unraveled our program, we stressed that it was an educational program for physicians rather than a hard sales approach,” Keel says. “Today, our marketing representatives are educating physicians on what’s available and we’re addressing issues that may have discouraged physicians from returning to our system.” The sales people also are a resource to department managers who need help resolving various physician-related issues.

## **Building the Program**

Teach says that clearly defining the goals and expectations of the sales function, known as the Physician Liaison program at Columbus Children’s, is important to the program’s success. Her team conducted benchmarking surveys and reviewed numerous sales models before deciding to develop their own sales structure. It is important to build the necessary infrastructure before going into the field to call on physicians and practice managers. This means developing processes and systems like issues resolution, data base development, activity tracking, job competencies and expectations.

Columbus Children’s has two physician liaisons, with a third position being added in

the near future. The sales team is in the Marketing and Public Relations department and reports to the manager for Referral Source Marketing.

At The Valley Hospital in Ridgewood, New Jersey, the sales team includes 30 representatives from various departments across the system, including the Director of Marketing. The team is called the Ambulatory Growth Team, reflecting the organization's emphasis on ambulatory services. The team's primary purpose is to coordinate outreach efforts to ensure that staff, physicians and consumers are aware of available programs and services. Bev Miller, Director of Physician Relations, co-leads the team with Paul Gresko, Manager of Sales and Business Development for Occupational Health

Not all members of the sales team at Valley are involved in face-to-face sales. "Many market their services through other means such as email newsletters, phone calls and direct mail. However, we all meet to ensure that our efforts are coordinated. Whether the customer is a consumer or a physician, we want them to know that we are all on the same page and that our message is consistent," says Miller.

Miller agrees on the need to have an infrastructure in place before launching a physician relations program. Promoting the program's accomplishments and findings is vital to ongoing success. "It's important to work with your medical staff leadership and the executive staff and to have reporting processes in place," she points out. "You are gathering a lot of useful information and you've got to be sure you have a way to share it." Miller meets regularly with the President of the Medical Staff and with department directors to share that information and identify issues and new opportunities.

### **Listen and Learn**

The team at Valley recently completed "A Resource Guide to Outpatient Services and Support Groups," a handbook that describes and provides contact information for outpatient services and support groups. The guide is posted online and is given out to physician offices as a one-stop shopping resource. The guide also was used to promote the sales team internally.

"We handed out the guide at our internal Leadership Institute and asked each attendee to select one thing from the guide that they knew very little about," Miller says. "Then, they had to call the contact person and find out more about the service or program. It was a great way to get everyone to take ownership of our services regardless of what area they work in."

While prior sales experience is helpful, it's not as essential as the ability to listen, to generate action and to demonstrate value to the physician practice. The healthcare sales team must be able to generate an effective outstanding conversation in the field and bring closure to issues. "Our sales model focuses on learning about the practice and addressing any immediate needs during the first two or three visits," says Teach. "We spend the time to understand and acknowledge that each practice and their needs are different."

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Many in the field point out that in order to be effective, you must acknowledge that the physician is involved in his or her own day. "Before I sit down and begin the conversation I always look them in the eye and ask them how their day is going. I use this as a way to connect and establish a rapport that recognizes how hectic their day might be," says Miller, who advises letting the physician do the talking. "Nine times out of 10 they are fine, but if they say their day is horrible, I offer to reschedule."

### **Value-added for Physician**

As Corporate Health Group's Carolyn Merriman and Kriss Barlow point out in their article "Lessons Learned? Why Healthcare Sales Is More Important Than Ever" (December 2003 *Healthcare Marketing Report*), a healthcare organization that commits to a customer-focused sales strategy is positioned to have proactive, dialogue-based

relationships with its targeted customers over the long term.

Building long-term relationships and providing added value is important to any sales program. Many hospital sales teams see themselves in a different role than that of pharmaceutical, device or equipment sales representatives. They know that gaining the ear of the physician requires both persistence and an approach that is different from these traditional healthcare-related sales people.

In fact, Teach feels that if her team is viewed in the same category, they have failed. "The key goal is that the physician liaison is seen as a valued asset to the practice through the service and information they bring, not in giveaways and samples," she says.

Miller tries to position herself differently as well. She doesn't bring doughnuts or provide catered food. Instead she depends on the reputation of her organization as her entrée to the practice. "I find out what they need and what I can do to help their practice be more efficient," she says. "That's what creates loyalty to Valley. By the third or fourth visit, you're having a very different discussion and are proactively resolving issues."

The team at CHRISTUS Schumpert takes another approach. "We look at it more as a collaboration because there are many things you can do with the pharmaceutical representatives such as educating physicians on drugs, diagnoses or a variety of treatments," says Keel. Her team has co-hosted educational booths with their pharmaceutical counterparts.

Sales calls must be well-planned and messages must be tailored for each physician visit. Messages should be developed around the needs of the individual physician, his or her patient population and the value the message brings to that physician's patients. Prompt follow-up and resolution of any issues, challenges or needs that surface during the visit is critical. "The first time you drop the ball will be the last time you get any benefit from that visit," Keel adds.

CHRISTUS Schumpert also provides added value by helping physicians work with each other. For example, when the marketing representatives learn of gaps in service delivery at small hospitals in outlying markets, they work with the appropriate clinical area to determine if any physicians are willing to provide coverage.

Valley formed a seven-member advisory board of physician office managers from various specialties to help determine relevant topics for the quarterly physician office manager meeting it hosts. As a result, attendees get more satisfaction out of the meetings, the agendas are more creative and attendance averages about 50 people. In April, the hospital's Director of Patient Relations spoke to the group on diffusing angry patients, a topic that the advisory board had identified as very important to the group.

Because physicians are spending less time in the hospital, they are becoming more reliant on hospitals to proactively communicate with them. The Clinical Advisory Board's 2002 Physician Survey (the Clinical Advisory Board is a part of The Advisory Board as is the Health Care Advisory Board) showed that most physicians prefer one-on-one contact, with 26 percent preferring personal contact with administrators. Medical staff meetings followed with 19 percent, while phone calls were preferred by 15 percent of respondents.

"We have to acknowledge and appreciate the challenges and changes in the physician practice and realize that physicians are becoming more reliant on us to support their information and access needs," says Teach. "You've got to be on top of your physicians as your most important customer."

Although sales teams may be apt to focus only on relationships and communication with physicians who haven't used the system before or those who have stopped, they can't overlook the loyal physicians. "We need to be sure we keep open lines of communication even with those physicians who routinely refer and be sure they are recognized for those referrals," adds Keel.

## **Investment and Return**

Healthcare organizations with sales teams place a high emphasis on training. At

Columbus Children's, the physician liaison goes through a four-month orientation and training program to ensure they have a good base of knowledge and have built internal relationships. "Their work in the field is only as good as their ability to have connections within the system so they can be effective in issue resolution," Teach points out.

The team at Valley Hospital will be going through two half-day training sessions to share success stories and to present a "Promotions Toolbox." The toolbox includes such things as how to look at statistics and referral numbers, how to evaluate growth opportunities, how to produce brochures and how to develop presentations for internal and external use.

Everyone involved in sales at CHRISTUS Schumpert has had basic sales training including learning to make cold calls, structure the message and make the ask as well as track results. The core sales team meets every week, with others who have some sales accountability joining the meeting at least monthly to learn more about the "sizzle message" of the month. "We talk about activities in various service lines so they can go out and talk about what's new or different," Keel says. "We always include an educational component regarding technology or services to help differentiate us from the rest of the market."

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Compensation for healthcare sales people varies widely. Some systems use traditional merit increases based on the individual's achievement of pre-established goals. Many hospitals provide their sales team with a base salary plus stipends for travel and auto expenses. Others offer varying levels of performance-based incentives, ranging from a \$1,000 per month bonus for achieving fixed sales goals to bonuses of up to 30 percent of their annual base salary.

The national average for sales calls in healthcare is 12 to 15 calls per week, although it may be lower for those with responsibilities beyond the sales function, according to Miller. Marketing or sales plans often are reviewed on a quarterly basis to ensure continued alignment with overall system goals. Most leaders keep an eye on healthcare trends, physician usage patterns, new physicians in the market, current events and other issues that may have a major impact on the system's overall performance. Many have systems for categorizing physician visits by the sales team to be sure the "must see" practices are high on the call list.

Showing the return on investment or ROI for the sales team continues to be a challenge for healthcare professionals, says Miller. Even with a mature sales program, it can be difficult to show the true impact of sales because measurement depends upon cooperation of staff throughout the organization to provide data. Many opt to use number of visits as a measurement, along with feedback from physicians and practice managers. Some select a small target group rather than the entire medical staff to track. This small sample allows the sales team to set clear goals for business development and easily track those goals as they relate to the targeted physicians. Still others use attitudinal metrics and annual physician satisfaction surveys in addition to the number of calls completed.

In the end, the healthcare sales function has a dual purpose—direct marketing and revenue generation. The two become inseparable as the hospital's sales team builds strong, valuable relationships and provides useful resources to the physician and his or her practice. As Teach puts it, "The first step in healthcare sales is always information gathering and demonstrating value to the practice. If your sales team is doing what they need to do, you won't see them often." ■