

Creating an Effective Sales Team Can Be Key for Marketing Success

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ST. LOUIS, MO—Healthcare sales is one area of healthcare marketing that has been on a strong upward curve in recent years as the healthcare industry has sought to catch up with the sophisticated sales models that have been developed for other segments of our economy. As healthcare marketing executives learn about sales techniques, several factors stand out among the key determiners of the success of the sales effort: choice of sales personnel, organizational structure of the sales function, compensation of the sales representative and sales training geared toward closing the sale.

All of these factors need to be closely examined when plotting a major sales effort. Failure to get one right can doom sales goals. For example, if you've got the right personnel struggling in a wrong organizational structure and unhappy with their compensation package, it's going to be mighty difficult to meet targets. Or if you've got a great structure, solid compensation package and good people, but they just can't make that final close in a smooth fashion, you're going to lose a lot of sales.

Centralization of Sales Function Key at BJC

For the BJC Health System in St. Louis, moving from a decentralized sales force to a centralized one has been a key factor in the success of organization's sales strategy toward employers. "Four years ago when we came together as a system, each hospital that did employer sales had sales representatives that sold particular products," says Tess Niehaus, Director of Communications and Marketing. "For example, the lab employers and rehab might also have a sales representative calling on worker's compensation accounts."

After BJC came together in 1993, the role of the marketing department was to get "everyone talking to each other," she says, "But we had no direct control over the efforts of the sales force."

That ended in 1994 when BJC centralized its employer sales staff under the control of the marketing department. "There were several reasons this made sense," Niehaus says. "It gave us single point accountability. If something went wrong or right before with a sales activity we didn't know who to point to. Externally, if a major employer wants something done there's no tossing the ball around, they know who to call."

That's because the BJC centralization was more than putting all sales representatives in the same area under marketing. Rather it went to the heart of the sales task itself. Instead of remaining organized by product lines, the format was changed to a geographic focus. That is, instead of having five sales people calling on one company, and perhaps risking their ire, BJC now has one person calling on the company. "That representative sells everything we have to sell," she says. "We have five reps and have divided St. Louis into five separate territories. Each rep is responsible for selling to companies in their territories."

It's not as easy as that because of the spread-out nature of corporate America and different policies on levels of responsibilities for corporate health and worker's compensation benefits. For those companies where decision-making lies at the central level, the rep whose territory the headquarters is in has the responsibility for approaching them. If decision-making is decentralized then each rep might wind-up contacting the manager of the units in their district.

Because this was essentially a new position, BJC reinterviewed each individual that had been involved in sales under the old system as well as a few others. Out of the group of 22, nine people were selected for jobs. Eight were sales representatives (now called corporate health consultants), one was the sales manager and there was also a support person assigned to the group.

Three of the corporate health consultants were eventually spun out of the sales team because their focus was on the consultant/broker community.

Centralizing the BJC employer sales team has had its rewards. "We have met or exceeded our sales goals based the number of accounts and revenue 95 percent of the time," Niehaus says.

However, moving to this new organizational structure hasn't been without bumps. "The downside of centralization is that it can cause a lot of pain for product managers," she says. "For example, the director of the lab used to control the lab sales person, now marketing controls it. The product manager could argue that they have the accountability for the product, but not the control. I argue back that it's shared control."

The product manager may be responsible for the product design and implementation while the marketing department is responsible for selling it. They may work together to establish sales goals.

Niehaus says that while the BJC system was specifically designed for employer sales, this centralization strategy ought to work equally as well in other sales markets such as to the physician community.

Choosing the Right People

One of the keys to successful sales effort is choosing the right people. This can be done by gut feeling or through a more systematic process. Carolyn Merriman, President of the Corporate Health Group in East Greenwich, Rhode Island, argues for an approach that stresses quantification as a way to truly find the strongest candidate. She says that job description and performance standards can be distilled into at least four to six major attributes. Then, they can be used to judge the candidate during both telephone and in-person interviews.

In order to create understandable comparisons between candidates, she suggests that each attribute be ranked by its importance and each candidate scored by how they stand on the continuum. "For example, say sales management experience is really important," she says. "You assign it a 'three' compared to other attributes. Then when you interview the candidate, you score them on a 'one' to 'five' scale. Say the individual scores exceptionally high on this attribute and you give them a five. Five times three is 15 points."

In response to those who may argue that this system may produce an excellent candidate, but one who may not mesh with the corporate culture, Merriman maintains that it is possible to distill 'corporate culture' into various concrete questions (such as how well the person works with others) that will generate a suitable candidate.

Pay Formula Critical

How you pay your sales force is an important component of effective sales. Just giving them a straight salary with no variable pay formulation does not provide a strong motive for continually striving for sales goals. Rather, suggests Merriman, a base salary combined with a variable pay plan makes the most sense.

"For base salary, it's important to look at other industries," she says. "Specifically, managed care, insurance, banking and hotel. These are all industries that (in whole or in part) sell intangibles."

Examining the retail sector for salary comparisons doesn't make a lot of sense, she adds, because the fundamental nature of the job is quite different. "In retail, you're selling the features of the product," Merriman says. "In healthcare, you're doing needs analyses and taking care of customers' needs. It's a very different sales approach. Plus, it's more likely you're going to recruit from the intangibles marketplace."

However, she adds, there is now a body of experience within healthcare itself that makes healthcare candidates quite viable. "Five years ago you had to go outside of healthcare," she says. "Today, there is a talent force within healthcare that understands our business."

There are several different variable pay plans that can be adopted depending on certain conditions. "You can pay for performance," she says. "For example, if you say that your goal for one individual is three employer contracts over a certain amount of time, then if they meet that goal they get a certain amount of points." If they exceed the goal they can get more points. That combined with other productivity measures can add up to a certain number of points, which can then be translated into a variable pay figure.

For example, if they get "x" number of points then they get a variable pay addition of a percent of base pay and if they get more than that, then a higher percent of base pay addition would make sense.

Under an incentive pay formulation, if the employee brings in a certain amount of money then they get a percent of the gross sales. There can also be referral fees for bringing in qualifying leads or flat fees like a finder's fee. Added to that are annual bonuses or stretch bonuses for exceeding certain parameters.

Which formulation you choose may depend in part on the background of the sales individual. After all, your goal is to incentivize them to higher performance and you've got to go with the techniques that are most familiar or easiest for them to work with. For example, pay for performance is certainly the most conservative. Yet it's one in which hospital/health system personnel might understand the most, particularly clinical staff who have moved over to the sales function, she says.

Variable pay formulations have had a bumpy recent past. "There have been three objections to it," Merriman says. "Hospitals may say that no one else gets an incentive in the hospital so why should they start now with this area. They may not know how to track sales or the proposed program is not well thought out. I think attitudes are starting to change as hospitals find that sales people perform much better with variable compensation."

Indeed, the well thought out variable compensation package looks carefully at objectives as part of the tracking process. In some cases, the sales representative can't be held accountable for making the final sale, but rather the objective might be something else, such as how many meetings are set up.

So the Money is Right, What About the Sale?

No matter how much you pay or how well you're organized, it's not going to work if the sale isn't made. Healthcare sales is not your typical sales effort, argues Kriss Barlow, a consultant with the Corporate Health Group. "The healthcare environment is different," she says. "Healthcare people don't like conflict. They're people pleasers. So rather than object they're first going to stall."

To get them off the stall, the first order of business is to develop a rapport and trust through discussion. Once that is accomplished, the logjam can be verbally articulated. "There are three types of attitudes that you encounter," Barlow says. "First, there's skepticism. They don't believe that what you're selling can do all that you say that it can. If you're selling to doctors, one way to combat this is to provide proof. To a physician, you may want to point to how it is working in another physician's office. There may be outcomes data you want to share. Then there's the indifferent person. They have no perceived need for the product. This is considered the acid test of selling. You can plant some seeds of information while understanding what they're currently using. Never trash a competitor's product, just talk about what you have to offer.

"Then, there's 'the objection'. This is meant in one of two ways. Either they misunderstand what you have to offer and you can clarify it or they don't like some part of it that you're not empowered to change such as price."

Barlow says that price can often be a real sticking point, but that often price objections are made initially just to test the sales representative to see how they're going to handle it. Rather than immediately offering a deal, she suggests the individual reiterate the features of the product and how exactly those features can help the prospective client meet whatever task or objective that needs to be accomplished.

And then, if none of it seems to be working all that well, the sales process should be ended upon mutual agreement that the prospective client is indeed not ready to move forward at this time.

