

## Today's Sales Trends

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- Recommendations for development of an overall sales strategy, approach and organizational staffing model.

### ***Background***

Over the past thirty years, many healthcare organizations have had some type of sales effort. Efforts have cycled through by product line or customer group and often focused on a problem solving approach. The concept, process, culture and personality of sales is not the norm in healthcare; in many cases it doesn't fit the organization's perception of business development.

Historically, healthcare organizations focused internally on the development of new products, expansion of service lines and clinical expertise. The organization developed what was "best" for the customer. Organizations typically assigned a clinical/product line specialist or a marketing representative to "sell" and position the assigned product to a customer population.

Key trends that occurred with this model:

- We forgot the customer.
  - Many organizations had from 5-50 sales people calling on the same customer – all representing the same organization.
- Lost opportunities.
  - Staff may have done well in their area of expertise, but what if the customer wasn't buying that service that day? Were they able to make a referral within the organization, or was the opportunity lost?
- Lack of efficiency and effectiveness
  - FTEs are expensive – having narrowly focused marketing representatives working the same customer population is not cost-effective.
  - Business owners and physicians are quick to recognize the inefficiency and know that they would be out of business if they ran their sales function like the healthcare organization.
  - Many of these FTEs are individuals who know the product, but are not trained in sales, marketing or customer relationship management. They are working against their natural and learned skills and competencies.

- Many times the program was set up with issue resolution as the central activity and erroneously there was the belief that fixing problems would lead to additional sales. Revenue/referral goals were not achieved. Additionally, it is very hard to “put on a happy face” and sell, when you have spent the morning fixing problems with your product.
  - There was a lack of internal coordination between the representative and the product line “delivery” team. This also occurred if the customer desired more than one product at one time – both in delivery and pricing/packaging.
- Lack of value and outcomes to the organization.
- Because sales activity was organized around a product or service line, the value has always been measured directly to that assigned product and budget.
  - This usually produces low value and/or creates a high expense direct to one product line.
  - Most organizations have not built accountable outcomes for sales to track, measure and demonstrate. Again, making it difficult over the long-term to prove the results of having a sales effort.
- “Blood out of a stone.”
- Most organizations have done as much cost containment as possible without impacting upon delivery and quality of care.
  - Growth strategies are one of the options for increasing revenues and referral volumes.
  - Business development, sales and customer-focused relationships serve as a growth strategy and business model.

### ***Trends***

In an increasingly competitive environment, with declining reimbursement and a more sophisticated healthcare customer, healthcare organizations are reworking their strategies to deliver:

- Total revenues
- Referral volumes
- Growth versus cost containment
- Customer loyalty
- Market share
- Outcomes

Healthcare organizations are recognizing their customers no longer automatically enter the “revolving door.” In many cases, customers may never enter the hospitals doors. The organization must work *proactively* to nurture trust, demonstrate credibility and deliver upon promises.

Healthcare organizations can identify the critical customer populations that make purchasing decisions. Customer groups can be evaluated by their ability to drive revenues and/or volumes, direct purchasing relationships and/or influence purchasing decisions. Strategies are then developed for each target customer group with short and long-term goals in mind. Resources (human and financial) can be allocated with an eye toward the organization’s overall strategic initiatives and objectives, as well as to cost efficiencies.

Key customer distribution channels critical to a healthcare organization's success are: ***physicians, consumers, payers and employers***. Each of these customer groups buys different services in a different manner, but their short and long-term relationships are critical to success in achieving revenue and referral well being.

Many healthcare organizations are focusing these strategies on the three legs of a stool – recognizing that without any of the three legs, the stool would not stand. Those three legs:

- The customer
- The product
- The sales approach

### *The Customer*

A customer-focused strategy obviously begins with the customer. In this externally driven approach to planning, marketing and business development, strategies and tactics are based, not on what the organization has, but what the customer needs. Healthcare organizations evaluate quantitative and qualitative data on customer wants, needs and desires. Additionally, the organization must assess the competition within the marketplace and determine what they are doing well, where the weaknesses are and opportunities for capturing the market.

### *The Product*

Once data is captured, the organization conducts an internal assessment of its strengths, weaknesses, opportunities and threats (SWOT analysis). The organization is reviewed from the perspective of the targeted customer group and for the key products /services that would apply to them. The product and operational assessment includes packaging, marketing, sales approach, cross- and up-selling opportunities and pricing.

### *The Sales Approach*

The sales approach is developed once the customer is known and the internal assessment is complete. The sales approach is integrated with the general marketing activities – advertising, public relations, current retention strategies and telemarketing. Each sales approach must be customized for the specifics of the organization – customer, product and profit opportunity.

### ***Sales Approach & Philosophy***

Each healthcare organization needs to develop a strategic approach for each of their key customer distribution channels. The approach and philosophy of customer acquisition, retention and growth will need to be customized to match the organization, customer groups and desired position. A healthcare organization cannot and should not “cookie cutter” a sales approach – neither using the same strategy with physicians as with employers nor using another healthcare organization's sales model.

Typically a sales staffing model is designed to meet the needs of the overall organization, its desired outcomes and the customer strategy. There are many models in place in today's healthcare marketplace.

Some of the successful models are:

❑ *Business Development Strategy and Model*

Sales is integrated as a function of business development and/or marketing at a vice president administrative level. Within this model, the sales approach is one of a portfolio of products and services by target customer group. There may be a Director of Sales with sales and customer service staff assigned by customer group. The Director of Sales would supervise sales and service staff by employer, physician and key consumer sales such as senior services and newcomer. The Director of Sales might coordinate with the Managed Care staff or Finance as it relates to TPA/broker relationships and enhancing the “sales” that occur in direct contracting or managed care contract pricing – assisting in consumers access to the healthcare organization.

The model allows the organization to recruit a seasoned Director of Sales to manage internal sales operations, policies, procedures and the implementation of sales and marketing strategies by customer group. It also provides economies of scale for customer service staff, sales contact database management, training and support.

Additionally, this demonstrates an organizational commitment to customer focused relationship management. From the top down, the value of customer relationships are seen as critical to the continued success of the organization.

Many healthcare organizations begin their sales reorganization by focusing on either the employer or the physician as a target customer group. Both of these groups are active in direct purchases from the healthcare organization as well as influencing purchasing decisions.

❑ *Employer Strategy and Model*

This staffing structure is being shifted from product specific sales to a portfolio model. A portfolio of services may include but not be limited to; occupational health, rehabilitation, wellness, education, prevention and key services applicable to targeted consumers such as women, families, retirees.

Staff are recruited according to the desired outcomes and sales approach defined for this targeted customer population. The employer sales function will report either to Marketing/Business Development or Operations. In representing a portfolio of services and the organization overall, most organizations have found success with the function being housed in Marketing. This alleviates the sales and marketing function becoming a part of the operational/delivery/service team and retains the function as a system-wide business development/customer function rather than a product line or budget function.

Typically, there will be sales and service staff – this is to allow the sales staff to focus on acquisition and growth, while the service staff implements and manages the retention strategies.

Staff may be assigned by the number of employees an employer has or by geographic location. Again, the staffing model needs to be built to match the market potential, desired outcomes, sales approach and competitive positioning

required. The span of current customers to prospects, length of sales cycle and complexity/price of the product also impact upon the optimum organizational staff model to best serve employers.

❑ *Physician Sales Strategy and Model*

This staffing structure is usually designed around providing ease of access to the physician and his/her staff and the concept of serving as the organization's liaison to this critically important customer group. Staff members may be recruited from the current liaison staff and/or the clinical service line leaders/representatives. Staff will represent a portfolio of services, so if they are clinical specific, they are required to broaden their selling and product line knowledge in order to take on this new sales approach.

Staff is usually assigned by geographic territory or metro versus outreach. Staff represents a portfolio of products and services from the organization. This portfolio may include but not be limited to key service lines such as cardiology, oncology, neurology, orthopedics, and women's and children's health. Some programs also include rehabilitation, durable medical equipment, pharmacy and home health.

Typically, there will be sales and service staff with sales focusing on building physician relationships, retaining and growing the business opportunities. The service staff serves as internal issue resolution and event coordinators. They are well versed in who to work issues/problems out with and how to make an event happen within the organization.

The previous models represent global concepts for sales structure and staffing. Once a sales philosophy and approach are determined, a customized organizational and staffing model can be designed to meet the needs of the customer, the organization and the product.