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Cross-Selling Your Hospital's Capabilities

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Hospitals and integrated delivery systems (IDS) are constantly seeking ways to form the perfect triad: (1) enhance revenues, (2) reduce costs, and (3) provide state-of-the-art patient care. One of the methods used to bring in additional dollars is promoting the multi-faceted range of hospital services, such as lab, imaging, rehabilitation, home health care, cardiology, etc. Hospitals exploit a number of marketing strategies such as advertising, news bulletins, field representatives, and health fairs.

The first thing that people need to understand about “brokering strengths” is that one cannot do it *de novo*. You must have an existing relationship with the customer. In the case of a community-based hospital setting, it is usually not an issue because there are existing rapports with the local providers who may use the hospital for one or several components. Unlike the black-and-white capabilities of advertising and newsletters, the marketing person puts a human touch behind the interaction. He needs to function *more* than just a vendor of services. He must make available several components in such a way that these capabilities contribute to an *expansion* of the doctor's success. The term used to define this marketing wherewithal is “cross-selling.”

Hospital cross-selling is a potentially powerful weapon—and it has become a necessary one due to the competitive pressures from commercial companies and the necessity of growing hospital revenues. Administrators task many of their departments to significantly grow revenues each fiscal year, and the field person plays a large role in that initiative.

The lab generates around 70 percent of clinical determinations in a patient's chart. This decision-making, however, increases to 80-90 percent if one combines diagnostic imaging. Consequently, from a volume and profitability point of view, it is understandable why hospitals want to market both entities. But, it doesn't rest with lab and imaging. The attraction of selling “one-stop-shopping” is mighty marketing fodder. There is often an entire suite of services that the hospital wants to market to area providers.

Expanding the Relationship

Most industry analyses show that it costs about six times more to acquire a new customer than to retain a current one. On the other side of the coin, it is widely accepted that the cost of *losing* a customer must include all of the hidden costs of lifetime potential spending, not to mention bad press. Therefore, from a business standpoint, it makes sense not only to do what is necessary to retain current customers, but also to *expand* relationships with those customers. In addition, it is a strong belief of many astute business leaders that if a customer relationship is not advancing, then it may soon be retreating. The field representative plays a significant role in building and growing the

bond between doctor's offices and the hospital. He or she should aim to *intensify* the affiliation after the initial sale is over. Cross-selling strategies embody a terrific opportunity to realize both organic growth and help in advancing the rapport.

Why Cross-Selling Fails

If expanding existing, successful business relationships into new areas is beneficial to both the hospital and the doctor, then why do some cross-selling programs fail? The reason is partly because it is done improperly or just plain ineptly. The consummation of cross-selling must be in the spirit of *mutual benefit*. Unfortunately, there is more concentration on selfish desire rather than with the needs of the doctor's practice in mind.

Here's a typical scenario: the sales person stops in at his customer—whom he knows well—and starts rambling on about this great new “addition” he has to offer the doctor's practice. “We've expanded our services to include XYZ and ABC, and a lot of other offices have started to use them.” However, this is a laconic and lazy approach—all because the rep confidently feels he's developed a rapport with his client. It ignores a cardinal fact: buyers value more *what they request* versus what is freely offered to them, even when the offer comes from a trusted supplier. It ignores the necessity of consultative selling, which involves proper questioning techniques. It fails to connect the customer on a *value* level. In essence, it's not selling at all; it's simply peddling!

Another reason for cross-selling failure is that sales people are averse to the risk inherent in cross-selling. If things don't go well, the business they already have may be in jeopardy. If the cross-selling involves bringing in another salesperson, there may be nothing in it for the “original” sales person (or maybe only a small finder's fee). However, the primary fear is the risk of losing a great relationship—a selfish point of view. This is ill-considered logic, however, because it comes from what the seller wants to *sell* instead of from the perspective of *value* he wants to *create*. Thus, the way to conquer risk aversion is by bringing value creation to the front. When you create meaning and significance, the differentiation accrues to the whole relationship. If you devise genuine value, the doctor will naturally benefit and the bonds between both entities will grow stronger.

Finally, there is the subject of flawed business judgment. Hospital administration may intuitively think that the doctors already perceive some value in the facility's capabilities. The very existence of a business relationship appears to have evidence analogous to trading currency; it's a no-brainer to break into new areas of the doctor's business because “...we're already a valuable asset to him.” The fact that a physician trusts the hospital for a certain component of services seems to substantiate that the doctor would welcome other capabilities.

Unfortunately, some hospital administrators operate under the mistaken assumption that this so-called “currency” is worth a great deal more than it really is. Ineffective cross-selling initiatives fail because of what was discussed above—the sales person forgets (or ineptly tries) to provide value creation for the client. The seller offers expanded

capabilities without first helping the doctor to gain insight on new opportunities he can seize or challenges he can address.

One can argue that political ties to the hospital make for a convenient selling scenario. However, taking political affiliations for granted breeds a conceited air of authority—an imprudent situation. The sales person must treat the cross-selling experience in a professional, well-designed question-and-answer session.

Cross-Selling Effectively

The first thing a sales person has to do when he wants to broker various capabilities is to get into the proper mindset. He has to accept that this is a *selling* job, and it's not always easy. Doctors, like everyone else, are reluctant to change because of their (ostensible) current level of satisfaction. It is *not*, "Doctor, I know you routinely use the hospital's imaging department for various modalities; now I'd like to talk to you about using the hospital lab more consistently." Instead, it is a way of thinking in terms of the doctor who has an array of needs. The salesperson probes to find those needs that the provider recognizes and then expands to additional opportunities. In other words, the sales rep is helping to solve current issues and uncover areas of latent frustration, creating the "aha" moment for the customer.

It is important to understand the human bias that is critical in sales: the customer must discover for himself the benefits of expanding his relationship with the hospital. As stated before, the sales rep cannot flog services. He needs to ask questions that lead the client to discover better value and thereby greater outcomes. The marketing person should be able to draw out an invitation from the client to share the rep's insight into solving the customer's problem—to describe the solution. An ill-advised activity is for the seller to jump in with solutions before he has received an invitation to do so. Eliciting an invitation from the customer is a powerful selling technique. Ideally, the customer should view the sales representative as an expert whose opinion is worthy of consideration by bringing to bear the full weight of business acumen, industry knowledge and skillfully asked questions.

Finally, the person (or persons) responsible for brokering the hospital's strengths must be well trained in sales and in the art of adroit questioning. This is not a job for an entry-level individual learning the sales ropes and/or healthcare profession. This individual must be initially and expertly trained in probing techniques and then have professional, *on-going* coaching. It is beyond the scope of this discussion, but it is sufficient to say that classroom training is the optimum method to establish the foundational components. Thereafter, consistent role-playing and follow-up mentoring is paramount in creating a knowledgeable and killer sales force.

Summary

The famed early 20th century French novelist, Marcel Proust, said it best: "The only real voyage of discovery consists not in seeking new landscapes but in having new eyes." The

hospital sales rep can be those “new eyes” for the physician, offering industry knowledge and professional sales acumen.

Brokering hospital capabilities by cross-selling can be a very effective strategy to increase revenues and to help intensify the customer’s relationship. But *how* this is accomplished is the key point. The sales person must facilitate and guide the process of exchange for *mutual benefit*. The doctor (or buyer) can subsequently make a free-will decision to buy the additional services. No one should assume just because there is some level of “currency” traded and/or there are political ties that the provider would welcome additional hospital services. Cross-selling initiatives typically fail because they draw the attention of the sales person to peddling hospital services rather than creating value for the physician. Value creation is paramount!