Managing Your Laboratory Sales Staff: Six Key Elements

By Peter T. Francis

Original manuscript submitted to ADVANCE for Medical Laboratory Professionals
July, 2008

Commercial labs and many hospital outreach programs duel aggressively for reference lab work from doctor's offices, clinics, hospitals, private businesses and government health facilities. It's a $50+ billion industry in a fundamentally zero-sum game in which field reps play a decisive role. The marketing person's job rests on two cardinal functions: (1) maintain the current roster of clients and (2) grow the base business through upsells and new accounts. Irrespective if your lab employs one sales person or many, there are certain management guidelines that drive business growth and contribute to a positive work setting.

Accomplished sales people exhibit three over-arching characteristics simply called the three **Ps**: (1) they are **p**repared, (2) they are **p**rofessional and (3) they are **p**roductive. The three **P**s form a foundation and a reminder for the manager to continually seek methods and education to support his/her marketing team—one that results in a confident and knowledgeable sales department.

Many factors in the reference lab industry power business success. A segment of that depends on six intrinsic constituents in the sales management arena. Irrespective if the marketing person reports to a lab director, a former lab tech appointed to oversee the outreach program or an experienced sales manager, it all begins with the manager's mind-set. He/she must be convinced that the following six areas of management are central to instituting the three Ps, sustaining a motivated work setting, and, at the end of the day, creating a prosperous business.

<u>Talent</u>

The first role of the manager is to find and attract talented marketing people. In many hospital outreach programs, it is common to take someone from the lab and place them in a marketing role. This has the obvious advantage of having an individual hit-the-street knowing the lab terminology, supplies, operational aspects and so forth. In one respect, this is a huge advantage and regarded as an easy solution. But it also produces an issue on the other side of the picture — the lack of knowledge or experience with effective sales techniques and methodologies.

It is a challenge to find people who have had both lab *and* sales experience — *and* who have been successful. Sometimes a lab may seek someone who has knowledge of certain aspects of health care, such as pharmaceuticals. The logic here is they (1) are familiar with physician offices and (2) possess good marketing skills. A cautionary note, however: this experience does not always translate into a resourceful laboratory marketing person. For one thing, they may come with a selling style and background that doesn't fit within the lab industry. They are now promoting a *service*—a rather complex one dependent on many individuals—*not* a tangible product. Many people find it difficult to make the transition even though they may have a history of positive accomplishments. Also, just because a candidate has had "sales experience" may not necessarily mean they have had professional instruction. Irrespective of their sales education, they can carry with them amateurish practices that effortlessly shift from one job to the next. That is why it is important to provide initial developmental training that (1) sets a professional standard, (2) is specific to the lab industry and (3) is consistently reinforced by a trainer or manager. One of the most important aspects for the inexperienced lab marketing person is the willingness to apply him or herself to learning about the lab, the various tests, methodologies, supplies, billing, connectivity, logistics, compliance, etc. As those in the industry know, this is a long—and tediously winding road!

One of the key jobs of anybody in a supervisory role is to ensure the lab has effective marketing people and to replace those who are not. A common adage is, "employees are the company's greatest asset." The correct version is actually two-fold: good clients *and* the right employees in the *right* position are the greatest assets. If you carry an inferior field rep who continues to under-perform, you must be decisive and take the necessary steps to release the individual. It is unfair to the manager, the employee and the organization to spend valuable time rationalizing and making excuses. The prodigality of salary and benefits warrants further consideration. Depending on circumstances, the wrong sales rep can potentially vitiate the lab's reputation in the marketplace, creating a long-term attenuated effect.

Climate

Every work setting should include three things:

1. Fun
2. Unity and community
3. Continuous learning

It is the leader's responsibility to establish the climate. To craft unity and community, the manager should help the sales team get to know others within the lab. It's hard to have fun with people you don't know. Having the rep(s) spend time with the supervisor of each department to learn about the basics of the specific area of testing is integral to forming a positive culture between sales and operations. It is also indispensable from a background technical knowledge point-of-view.

How people *feel* determines their behavior more than what they *know.* You can teach account managers many things about selling techniques and the lab, but if they don't *feel good* about their situation, their work environment and the people they depend on internally, the likelihood they do well in their job drops significantly. Hospitals with outreach programs should develop a tradition of exceeding customer expectations in order to effectively compete in the marketplace. This may require a sobering culture change, preferably driven by the lab director and endorsed by hospital administration. The lab must be sensitive to the job responsibilities of the field representative—and vice versa. The marketing rep may suggest operational changes that will promote business opportunities. Unsympathetic comments such as, "we don't do it that way; this is the way we've always done it" is deflating to a field rep, and causes a frustrating and counter-productive feeling. Clearly, developing internal win-win solutions produces a more positive communal climate.

The aspect of continuous learning cannot be over-stated. Both self-study and company-sponsored development programs form the basis of training. Experts uniformly agree that on-going instruction of basic core elements helps to ingrain proper techniques and cultivate the three Ps. In addition, inculcating education within the company culture helps to reduce employee turnover, improves self-esteem, creates a motivational atmosphere, increases revenues and, at the end of the day, saves the company money. If employee training is set for extended intervals (e.g., once a year or longer), the learning process is rarely beneficial. Learning and reviewing sales techniques in a classroom setting should be a quarterly event, even if it is for only an hour or two. Within this situation, well-executed sales tutelage provides the representative with both an opportunity to practice the skills in a safe environment and a chance to receive immediate feedback. Research has shown that participants lose over 80% of what they have learned within the first month *unless* there has been combined practice and coaching. Role-playing in an innocuous setting, receiving comments and then *applying* the learned concepts in the field is the *sine qua non* of employee progress.

Cultivating a top-notch reference lab field rep transcends more than the strategic and tactical components. Possessing a complete understanding of connectivity options, terminology and product operational knowledge is extremely important in today's health care environment. The clinical aspects of diseases and their associated tests, as well as a review of methodologies, specimen handling and transport supplies also play an integral role in the rep's education. This is what separates master-class field marketing people from the average sales person—and it can bring significant rewards to both the lab and the representative. Customers hold in high esteem those who are not only very well-informed about their lab service, but also exhibit a basic understanding of tests. In fact, customers want and *expect* their representative to bring industry knowledge and business acumen to the table. Those individuals who are uninstructed and inexperienced delight in taking their pathologist or Ph.D. on calls. There is comforting reassurance of having a professional sidekick who can easily converse in clinical terms to the doctor, medical assistant or nurse practitioner. But, that is an expensive proposition and one that should be utilized in a unique situation. Proper education of the account representative will obviate most instances of having to snatch a professional lab person from their daily routine.

There are various approaches to accomplish this complementary aspect of the educational process. Trade journals such as *CAP Today, MLO* and *ADVANCE* cover topics that are technical in nature. The lab's own professional staff is another outlet. Lab vendors frequently have someone who can present information about the tests they sell to the lab. Attending Grand Rounds at a teaching institution is an excellent way to hear how clinicians use certain assays to diagnose a disease. The Internet is a resource for topics that can be subsequently explained in context with a pathologist or Ph.D. There are training companies who specialize in offering conference calls in which medical personnel lecture on selected topics. Of course, consultants are available who can present educational subjects in conjunction with other lab services. It is advantageous to have materials and explanations expressed in a need-to-know fashion, as opposed to an abundance of over-the-top medical jargon and unnecessary facts and figures.

Relationships

Relationship-building as an *intra-company value* is as important as building relationships outside of the company with clients and prospects. The manager is responsible for a positive rapport with the employee and the employee's relationship with the company/hospital. It is essential that the manager have a constant stream of *meaningful dialogues* with his/her representative(s). This means (1) talking about what is real and factual and (2) digging into the details. Meaningful dialogue occurs when there is a strong and positive rapport. This is the reason why it is essential for the manager to build respect with his/her sales team. If there is discord between the rep and the manager, the tension is palpable and little is accomplished. The best (and only) condition is to have mutual respect and a professional appreciation of each other's job.

Coaching

The manager must be able to coach his field reps and teach them how to be more competent and impressive. Unfortunately, hospital outreach programs may not always have an experienced coach to train and spend field time with the reps. In those situations, hiring an *ad hoc* sales mentor who has industry experience is very beneficial. The coach/manager imparts valuable feedback on selling techniques, appropriate strategies, previous experiences, suggestions for improvement, etc. As stated previously, the employee must have a keen desire to take what they've learned in the classroom and from field coaching and work on perfecting it. The word for this aspect of turning theory into practical usefulness is *entelechy.* There is no easy way to convert classroom theoretical models into practical skills. It is hard work for the representative, but it can be facilitated by an experienced coach.

A weekly tally of pertinent facts is important for the representative to present his/her manager. The following data presented on a spreadsheet is a suggestion to help both the manager and the representative (and affords a paper-trail):

1. Customers/prospects visited:

1. client name, number & city
2. specialty
3. call type (service/sales)
4. person contacted
5. outcome of discussion

2. New Business/Upsells Closed

1. client name, number, city
2. estimated monthly volume (or # of samples/day)
3. start date
4. competitor
5. type of new business (cytology, chemistries, tox, flow, AP, etc)

3. New Business Opportunities:

1. prospect name & city

2. what is needed to close the business?
3. what type of opportunity? (AP, cytology, flow, tox, chemistries, etc)
4. estimate # of samples/day in new business

4. Clients at Risk:
1. client name, number & city
2. reason*
3. average monthly (or annual) volume
4. suggested actions to save the business

5. Client Lost:
1. client name,number,city
2. monthly (or annualized) volume
3. reason*
4. termination date
5. supplies/equipment to be retrieved

6. Weekly Tally of Visitations
1. Total # of calls for the week
2. Average # calls per day

7. Significant Events

8. Competitive Activity

*Keep in mind that these comments are the rep's opinion. The client's viewpoint – even several people within the client's domain -- *may* differ. A call—or better yet—a visit from the manager to confirm the situation and demonstrate concern is a very effective tactic.

Depending on the manager's style and situation, he/she can have a sit-down meeting each week with the representative and review the above data. As an alternative to a weekly meeting, a scheduled monthly one-on-one produces a meaningful time for candid interaction. These meetings should comprise a review of the previous month's activities, issues, competition discussions and a roll-out of specific expectations for the following month. Challenging the representative is a positive step in their growth and maturity. An example may be a quarterly increase in volume of a specific test (or two or more) from a base-line of X to an expectation of Y. A new sales forecasting report is valuable during this meeting. Examples of topics are: Who is in the pipeline? Which accounts are expected to activate within the next 30 (or 60 or 90) days? What is the next step with each of those clients? Who is the competitor? Is there any specific "pain" the client is experiencing with their current lab? Are there any special needs of upcoming new business that require attention by the lab or other departments (courier, supplies, billing, IT and phlebotomy)? Also, since rapport-building is pivotal in field marketing, asking detailed information about that process within each prospect will help focus on what needs to be accomplished with those who are the influencers, the users and the decision-maker. This is an often neglected component of coaching, but an important one. If there has been no new business over an extended time-period, this one-on-one meeting allows for candid discussions of expectations and a plan to get back on track.

It is common for management to institute call-reporting systems because the accepted feeling is there is a direct link between activity and achievement. Indeed, many people will argue that selling *is* a "numbers game." It must be emphasized, however, that marketing people should be making the *right* calls every day to qualified prospects. Making a sales call (as opposed to servicing) where there is known minimal or no opportunity is an extravagant use of time, despite the fact that it bolsters the call activity roster. Accomplishments trump activities. Managers need to be sensitive about jumping to conclusions concerning the paucity of prospects notated on a weekly report. If unacceptable productivity becomes a problem, the call data should then be a point of discussion, in addition to other possible underlying causes.

Certain laboratories maintain business development and service field staff. In this situation, the responsibility of monitoring the client transfers from the business developer to an account service rep following a specified period. The manager can give guidance to ensure a smooth conversion. The marketing rep makes an appointment with their client contact whereupon they introduce the new account service representative. A form with the ensuing information affords a paper trail for both field reps, as well as the manager:

1. Sales and service rep's name
2. Client name, number, address and phone
3. Primary client contact name and title
4. Date of hand-off
5. Notation of client idiosyncrasies, recommended visitation schedule, special needs, etc.
6. Signature and date of both representatives

Effectiveness

The manager is partly responsible for the representative's effectiveness. Sales success distills down to two things: (1) the ability to build meaningful, positive business relationships and (2) the talent to make compelling calls that provoke thought, engender meaningful dialogue and, ultimately, close new business.

There has always been a great deal of subjectivity on how to judge relationship-building. However, there are certain steps that representatives traverse with their clients. Penetrating the top two levels is the ambition of master-class marketing people. The progression goes like this:

1. People who do not know you by name.
2. People who know you by name.
3. People who like you.
4. People who are friendly to you.
5. People who respect you.
6. People who value a relationship with you.

Using this as a guide, the manager can hold frank conversations with their rep and gain a sense of where he/she falls on the "Relationship Ladder" with individual clients. It is not perfectly objective (indeed, it is subjective from the rep's point of view), but it is a beginning step (pun intended) in understanding the rep's relationship-building efforts. This dialogue will open the eyes of those representatives who may not grasp this important element. Respect needs to be developed and *pervasive* within each client and prospect. Having a sole contact who respects their lab person is not only risky from a current client's standpoint, but also an ineffective strategy for a prospect.

Another method to evaluate the rep's rapport and effectiveness is for a manager to call random clients and talk to, for example, the practice administrator. The reason is perfectly valid from the standpoint of a phone survey. There are two areas of importance from the headquarters perspective: (1) to evaluate the client's perception of the lab's overall performance and (2) to hear an opinion of the rep's effectiveness. This is not an intended "undercover job" — it is simply someone unemotionally connected performing a routine appraisal. Typical questions are: Does the client have a sincere sense of "joint-venture" and "win-win" with the lab? Is the courier service and result-reporting acceptable? Is there any feedback about the PSC or the phlebotomy staff? Does the account manager appear knowledgeable or are there opportunities for further skills development? Is there a way the account manager can be more helpful? This type of assessment can be very revealing, especially if the client shares candid comments. Positive comments and any uncovered problem-areas should be discussed with the field rep or other affected department supervisors. The field person should welcome these "spot checks" in order to recognize how the client perceives the job they are doing and if there are any areas upon which they can improve. This phone interview is with one individual, however. Other key staff members (including the doctor) may have totally differing viewpoints. If possible, it is optimal to triangulate responses from several people in the office.

To aid in relationship-building, a manager may create a list of questions for the rep to ask their client contacts. This exercise starts with personal-type queries and, over the course of numerous visits, eventually shifts to business-related areas. The manager can hold the rep accountable for gaining answers to a number of questions. For example, what hobbies does this person have? Where did they grow up? Where did they attend their higher education? Have they seen a good movie, play or read a good book lately? Where is their favorite vacation spot? What kind of music do they enjoy? How did they end up in this occupation? What are the qualities they like to see in a representative? Can the rep do anything to make their job easier when it comes to lab-related concerns? Once the rep has formed a solid rapport with their main contact, a simple statement such as, "Tell me something about yourself that would surprise me or that I don't know about you" usually provokes an interesting discussion. With all of this background knowledge, the marketing person can do unexpected and small acts of kindness for their contact. Examples may be giving a magazine, Internet or newspaper article on a subject the client is passionate about, loaning a CD, DVD or book of the client's favorite artist/author, sending a birthday card, etc. These types of unanticipated acts of thoughtfulness do wonders to strengthen the bond between the representative and the client. It also helps build immunity against competitive threats.

The manager can help his/her rep's effectiveness by providing feedback with a ride-along in the field. Examples are:

1. Does the rep have a written list of clients he/she expects to see that day?
2. Is the literature easily accessible and neatly organized?

3. Does the rep carry a presenter-manual with literature, sample reports and requisitions, connectivity information, unique services, etc?
4. Does the rep have any show-and-tell supplies that help in promoting certain tests?
5. Is there a pre-call plan for each client (legitimate reason the client might want to see the rep and overall commitment objective)?
6. How does the rep handle preliminary discussions with the front-desk person? The primary contact?
7. Does the rep use good questioning techniques to uncover the current situation and problems? Does the rep explore issues by using implication questions?
8. How well does the rep know and demonstrate the lab's capabilities? Does he/she discuss features and tie them to benefits? Does he/she differentiate the lab effectively?
9. Does the rep advance the sale or simply leave with an understanding he/she can return later?
10. How does the rep handle objections?
11. Was there any post-call documentation as to what the next steps are?

Some labs generate a form for the manager to use as a check-off list that gives instantaneous feedback following the client encounter. This type of commentary is very beneficial for the marketing person to grow in his/her job. In addition, talking about specific account strategies also gives extra focus. For example, who plays what role within the account (decision-maker, user and influencer), what is their degree of influence, how does the decision-making process work, what is the contact's perception of their current lab and representative, where does this client fall within the sales funnel—these all play a critical function in the overall strategy-setting process.

If the lab does not have a full-time manager to oversee these important areas, hiring an industry-experienced *ad hoc* sales coach for two or three days on a monthly or bi-monthly basis can bring immeasurable support to centralize the activities and guide the field personnel. Professional athletes such as Tiger Woods and Roger Federer need and use a coach; your field representative is no different.

Recognition

Recognition can be both formal and informal, and it helps both the individual as well as the team. It is especially effective and powerful to recognize people in front of their peers. But it needs to go beyond simply showing the ranking. The manager should explain some detail about the individuals at the top — how they achieved their position on the leader board and perhaps how they go above and beyond. It makes these productive reps feel good, and it demonstrates to others what it takes to be a winner.

The key question for the manager/coach is, are you providing enough recognition and the right kind of gratitude for your field personnel? Frequently, a simple congratulations or a hand-written note does wonders for their confidence and self-esteem. Some labs make available quarterly and/or year-end accolades where the top producer's name is inscribed on a plaque or ornament. Other organizations entertain the top individual (or group) at a fine restaurant. Whatever the method, honoring those who produce above expectations is vital to morale.

Summary

These key drivers for success are interlaced where each depends on the other five. Businesses and managers spend a great deal of time and money trying to motivate employees. In reality, all motivation is *self*-motivation. Hence, leaders need to craft a climate in which employees want to motivate *themselves*. If you, as a manager, have the skills to build good relationships with your marketing people, design a fun and enjoyable working atmosphere, engender a sense of unity, promote continuous learning, coach and reward, you are well on your way to developing a motivated sales department that, ultimately, drives a thriving business.

Peter Francis is president of **Clinical Laboratory Sales Training, LLC***, a unique training and development company dedicated to helping laboratories increase their revenues and reputation through prepared, professional and productive representatives. The objective of the company is to partner with the laboratory, building integrated training solutions that meet the lab's requirements and expectations. Mr. Francis is a proud member of the Washington G2 Advisory Board and is the author of numerous industry-related articles published in* Vantage Point*,* ADVANCE for Administrators of the Laboratory, ADVANCE for Medical Laboratory Professional, Washington G2, *and* Medical Laboratory Observer. *Visit the company's web site at www.clinlabsales.com for a complete listing of services.*