

This article appeared in ADVANCE for Administrators of the Laboratory on August 16, 2007

Selling a Lab Service

By Peter Francis

If you're in charge of a lab and/or have sales responsibilities, this topic may put a smile on your face. You know only too well that experiencing the vagaries of sales in the reference lab industry has its share of dispirited moments. Various departments frequently have fingers pointed at them for doing something wrong to the client one-too-many-times, forcing the customer to exasperation. Eventually, the account starts sending their work to a different lab. The field representative in charge of the client is livid with the operations people and shakes his head with incredulity. The "corporate salute" (arms folded across the chest with each index finger pointing in the opposite direction) becomes convention. It's the age-old story of "sales versus operations."

But what *really* happens to cause the customer to move their work elsewhere? Should blame also be absorbed by the field representative? Some would say (depending on circumstances) that the sales person can be considered part of the negative outcome because he didn't have a strong enough customer relationship. Taking it a step further, there is the typical sales management viewpoint that the sales rep "owns" his territory, taking the upsides *and* the downsides.

The Capriciousness of Sales

Having part of your income dependent on other employees performing their job flawlessly can be frightening to a sales person. Too bad the sales rep, alone, can't handle every step of the service process. The sales person naturally thinks they probably wouldn't lose *any* business if that were the case(!). Or *would* they? Of course they would, because all clients are not vanilla, and each individual within an account may have differing views and feelings about their lab service. It speaks to what I have promulgated for many years to my different sales teams: "clients" don't select a lab service, people do. People form opinions as individuals before they decide collectively (assuming there is a democratic process in place). Adding to this equation, there is frequently a hierarchy of decision-making. Therein lies part of the puzzle that the sales rep needs to uncover. Let's not forget there are those employees who may exhort a significant amount of influence with the final decision-maker. Then there are also those situations where no staff member does *anything* without being directed by the "head master." Every account is like a fingerprint, as is every sales encounter.

Besides learning the organization's politics and who plays what role, the sales person has to know what segregates their lab from the competition. After all, there are underlying contrasts between all labs with some being very refined and some not so subtle. But refinement is in the eyes of the beholder. On the other side, there are those people who

perceive laboratories as a commodity. A lab is a lab..... is a lab. Many sales representatives don't know how to differentiate their lab effectively, allowing the commoditization perception to proliferate.

It begins with excellent training, coupled with subsequent in-the-field practice and periodic management coaching. It's a disservice to hire field reps and "throw them to the wolves", irrespective of their background. Even those individuals who supposedly have had "sales industry experience" can harbor poor or ineffective habits. But with proper and fundamental teaching, a concerted effort by the rep to apply the principles and adding in management mentoring, unproductive behaviors and practices can be modified into very creative strategies and tactics.

The following are some examples that offer real life insight into what goes on in the field and how effective coaching can make a difference to the representative and, ultimately, the lab.

Proposal Submission

As a sales manager in a new job several years ago, I worked for the first time with a representative who was a six year veteran. I'll refer to her as Carol. We stopped by a potential account and she told me, "We're going to check in here and see if they're having any problems with my competitor." She also added as some background information, "I have given Mary, the office manager, a couple of proposals over the years, but they've gone nowhere. If the topic comes up again today, I'm going to ask if she's truly serious because, frankly, I don't want to waste my time anymore."

I was a bit taken back by Carol's perfunctory attitude, but I felt it was a propitious mentoring moment. The following is a summarization as to what I perceived as the problem (actually, there were several):

Discovering that my rep had only dealt with Mary in the past, it appeared that Carol expected the proposal to be the "sales story". The reason is that Mary told Carol the bid would be reviewed and discussed with the physicians at their monthly meeting. Consequently, Carol included *everything* she could think about her lab that would sell her service (QC program, the lab manager and pathologist bio, pricing of high-volume tests, turnaround time, electronic connectivity, etc). While being very complete, the problem was her proposal was being evaluated by a decision-maker and influencers with whom she had no relationship. To them, it was a "me-too" proposal because they felt their current lab offered similar elements and there wasn't any appreciable difference in the pricing. Pouring on more fuel to the situation, Carol wasn't sure who had the ultimate veto power within the group practice. I explained to her (1) that the "decision-making organizational chart" was critical to her sales strategy and (2) the proposal should be the *solidifying* factor, *not* the sales pitch. One of the main reasons proposals exist is because clients think they can get the lowest price by pitting one lab against the other. The key is to be the winner *before* the proposal is written. Carol needed to do that by building credibility with the doctors and others who "touch" the lab in some fashion (i.e., not just Mary). This can be done partly by asking questions and explaining the lab's value and

competitive advantages that are relevant to that individual. I explained that the linkage of benefits into personal agendas drives individual preference. Once she has successfully positioned her lab service with the final decision-maker and those who have influence, the proposal becomes almost secondary.

Carol went on to tell me that the client's sole interest seemed to be "price." My response was if someone brings up price as an important consideration, her next question should be, "Is price the only differentiator you use when choosing a lab?" If the client responds with a statement such as, "...all labs are pretty much the same, so it comes down to price...", that's when she needs to respectfully say that labs are *not* a commodity and that she would be pleased to compete on all of her facility's services, not just price alone. Sales must have a win-win outcome. Giving away the store in an attempt to be the lowest cost-provider is not playing "I win - you win."

Legitimate Reason

Because this was our first time riding together, I also coached Carol on having a specific and legitimate reason *prior* to entering the client's office. "Checking in" is not considered a true sales call. A far better use of everyone's time is to have a relevant topic that would demonstrate *value* to different people in the office. This could be educational material of a test, a change in ICD.9 coding, a new assay, a change in supplies, methodology or reference range, the most recent lab newsletter, etc. Keeping clients updated on a regular basis (i.e., not sporadically) is a strategy *and* a tactic. By presenting herself as an "information-specialist", and one who is interested in helping *them*, she is building trust and credibility (two essential factors in the sales process). Not only that, but at the same time she is developing that all-important element of *rapport* with numerous people with different responsibilities. I concluded with Carol that, in this relationship-building period, she might give the impression that she's not "selling" anything. She's there to provide value, ask questions and get to know each contact person better. People hate to be sold, and they typically form a defensive wall, especially if there is no current "pain" with their lab vendor. However, when individuals respect and value a relationship, the representative has then earned the right to suggest they move forward with a formal business relationship. One other essential point I told her: she should strive to elevate her professionalism and helpfulness *above* that of the current competitor representative.

Basic Differences

Knowing what separates the lab from the competition is the *sine qua non* ingredient to selling a lab service. Basic differences and unique strengths need to be unearthed from the various departments (lab, logistics, IT, billing, accessioning, client services, supplies, etc). I explained to Carol that people choose a lab service based on what the service will do for *them* and their patients and also partly on the representative's *rapport* and professionalism. It's not only how the lab is distinct from the competition, but I reiterated how it's important to interlace the lab's benefits to the person's work agenda. There are many areas of the lab where unique strengths can be found and frequently many sales people don't explore them all. I told Carol that if the two of us couldn't find

a way to differentiate our lab service, the client might do one of two worst possible things: (1) nothing or (2) switch to a competitor who did.

The Rest of the Story

Carol and I began an intense search of all of the distinguishing factors we could collectively gather. We drilled down to things like supplies, turnaround time, profiles, in-house vs. reference, internal policies, Carol herself, geographic distances between our lab and the competition, etc no detail was too small. She subsequently began inquiring with various people within Mary's office (nurses, doctors, billing clerk, front desk staff, etc) what was important to them in terms of lab services, likes, dislikes, how often they saw their lab rep, how helpful/knowledgeable the rep was, etc. Where appropriate, Carol explained our lab's distinctive benefits that applied to that person's specific situation, eschewing the topic of price. Because she demonstrated interest and provided relevant information (instead of "checking in" and needlessly taking up someone's time), her credibility rose substantially over time. Within 6 months, Carol presented a proposal that was accepted, despite the fact that there were some pricing disparities in favor of the competition.

Final Comments

Providers and nurses may not be familiar with even the first name of the person who represents their lab. It seems discordant from a business point of view to have a medical service play such an integral daily role, yet have healthcare professionals not know the individual who is responsible for servicing their business. In addition, it leaves the door wide open for a competitor to waltz in, create a strong story, build relationships and pull the business away.

There is no substitute for field experience, integrated with good training and coaching. If representatives apply a continuum of strategic and tactical processes to their daily routine, they can create a dependable and profitable territory. At the end of the day, and despite internal lab *faux pas*, the reps can ameliorate their relationships with their accounts, decrease the chance of client defections and augment their roster of new customers.

Peter Francis is president of Clinical Laboratory Sales Training, LLC. This unique company provides sales training for the lab industry, combining proven sales methodologies and clinical background test education. For more information, visit www.clinlabsales.com.