Clinical Laboratory Sales Training, LLC

On Lab Sales Strategy

By Peter Francis
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The famous heavy weight boxer, Mike Tyson, was noted as saying, "*Everyone has a plan until they get punched in the mouth*." Very insightful, Mike—but then what *do* you do? Is it too late to devise another plan?

Indeed, everyone needs a strategy. Leaders of armies, major corporations, professional sport teams and political parties all have strategies. A strategic approach is still considered preferable to one that is merely tactical in nature. Together, however, they make beautiful music.

Derivation and Definition

The word "tactic" comes from the Greek word, *taktikos*. It originally meant "the science of military movements." Strategy also derives itself from the Greeks. They used the word *strategos*, and it was used in the context of "the general's art" or "the art of command."

Having a strategy suggests the ability to step back and look up from the short term to view the long-term and overall components of the competition/enemy. To put it succinctly, strategy equates to *the art of creating power*. One does not have to rely on brute strength or size. In fact, history abounds with examples.

Perfect Example

One of the most common and illustrative stories involving power versus an ostensible weakling underdog is David and Goliath. The background as to how and why Goliath and David came to oppose each other is another story. But, the point about using strategy and appropriate tactics within this story remains compelling.

Goliath was a giant of a man—more than seven feet tall, very strong and bulky. He donned bronze armor on his arms, torso, legs and head. Historians suggest that it weighed over 100 pounds. He was prepared for battle at close range where he could solidly position himself, ward off blows and then deliver a mighty thrust with his spear. Not only did he carry a short-range spear, but he also had a sword on his hip and, in the other hand, a long javelin. A formidable opponent, indeed.

His adversary stood as a slight-framed shepherd boy that went by the name of David. He held a sling and wore a satchel containing a few stones. David had a reputation as an excellent slinger, having killed a bear and a lion on different occasions protecting his sheep. David's king—King Saul—offered armor and a sword because the king knew of Goliath's size and power. But David felt he couldn't defeat the giant wearing burdening protection and attacking with a sword. Goliath, insulted at the sight of a small shepherd boy, made loud, offending comments to him. David could care less, because he had faith in himself and God, and he had a *strategy*—one of swiftness and a totally diverse method of attack: launch a stone from his sling at Goliath's only exposed vulnerable location—the forehead. David quickly ran toward Goliath, swinging his sling at six revolutions per second. The giant was unprepared, because he was expecting a battle at close range.

Not far from the startled Goliath, David jettisoned the stone from his whirling sling, and— almost equal to the speed of a modern-day bullet—it embedded itself into the giant's exposed forehead, knocking him to the ground. However, David didn't stop there. His strategy was to ensure he *killed* the giant, not just knock him down. So, with the giant lying on the ground, the conquering hero picked up his opponent's sword and severed the giant's head.

Victory was at hand by means of a successful strategy, followed by effective tactics. King Saul perceived power in terms of physical might; he didn't appreciate the fact that power can come through the use of an effective strategy. David used swiftness, a simple leather sling and a stone. He aimed at the right location and made use of the enemy's own weapon to win at what would seem at impossible odds. Oh, yes—one comment about the aftermath. David eventually became King over Israel and Judah. It's good to be the king. It's also good to have the right strategy.

Today's Business Environment

Interestingly, in modern times, references to *business* strategy were rare before 1960. But things started to take off in the 1970s and, within 30 years, references to business strategy became more frequent than references to military strategy! In today's world, if a company doesn't have a strategy, it will undoubtedly fail. Companies must create a strategy by means of an integrated *set of choices* that uniquely positions their firm in order to create sustainable advantage and superior value relative to the competition.

Sales Strategy

A portion of a company's strategy involves a strong sales component. One of those "set of choices" mentioned above is the question, "*how will our Company win in our marketplace*?" Additionally, not only must the sales department have an overarching strategy, but also individual salespeople should develop *specific* strategies for each target account. Every prospect is as different as a fingerprint and a snowflake—and in a continual state of change.

The Complex Sale
People use the term "complex sale" fairly extensively in business settings. Let's define what it is and how it differentiates from a simple sale.

Selling a laboratory testing service is a complex sale. It's not that it comprises of medical terms, test names and intricate IT connectivity. One could sell candy bar ingredients to the Hershey Company and still be involved in a complex sale. What makes the sale tricky is the fact there are typically several people involved in the decision-making process. In a physician's office setting, there resides the practice manager, the lead healthcare provider (perhaps other physicians), nurses and medical assistants, nurse practitioners, physician assistants, someone in charge of billing and so forth. All or *any one* of these people may give their approval or input before "the boss" decrees his/her consent to use a certain a laboratory. There is *one* decision-maker within a doctor's practice—and, frequently, it is the head physician—*but not always*. Irrespective of who this person is, he/she has the authority to say "yes" or "no" —and everyone else must abide.

The Simple Sale
In contrast to all of these varied individuals involved in a complex sale, there exists something called the "simple sale." This affects typically just one person, and there's no need to consult with anyone else about the service or the product. If you are on a trip, for example, and you want to buy a magazine before boarding the plane, you are the only one making the decision for this "simple sale." This type of sale is typically a low value item, and you make the decision to purchase (or not) on the spot. However, especially in a doctor's office setting (or a hospital), the higher the value of the service (or product), more people usually provide input in the final decision as to whether to move forward, the specific choice, at what cost (in client bill situations) and what time-line.

I should hasten to add that, in some situations, a doctor might act as an autocrat. He/she may dictate to the staff members (including the office manager) the lab he/she wants to use, and there is no further discussion. Many would define this as a "simple sale" due to its single-person decision. However, a word of caution: it is always prudent to build good relationships with the support personnel. If the decision-maker selects a lab, and not all of the office staff supports the change, it's possible to have employees wreak havoc with the new vendor, causing misery for the salesperson, lab employees and even the courier. The take-home lesson: treat a physician's office as a complex sale, despite what may appear as a decision-maker autocrat.

Essential Point: Position
Understanding your *position* with regard to an account is *the* primary consideration. It gives you an indication of where you are at the current point in time, and where you might have to go to increase your chances of success. Fully understanding your position translates to grasping a fair amount of data: (1) the main competitor (and secondary labs), (2) strong influencers, (3) the ultimate decision-maker, (4) draw in-house or refer patients to a PSC, (5) their feeling about your laboratory, (6) their

attitude of the incumbent lab(s)—*and* the respective field rep(s), (7) hospital/corporate ownership situation, (8) specific issues they could be having with their current lab (or not), (9) how they receive reports, (10) how decisions are made—and by whom, (11) insurances they accept (including sole-source lab contracts), (12) courier pick-up time(s), (13) location of competitor's PSCs vs. your lab's, (14) the client's tenure with the incumbent lab, (15) the competitor's testing location, (16) what key basic differences your laboratory has over the competition (they *must* be meaningful to the client), and (17) their method of creating test requests. As you can see, there stands a significant amount to uncover over a period of time—using good questions/communication skills, visual observation and peppered with some intuition. And, by the way, hearing answers from one individual is only one point on a graph; it's best to triangulate responses/opinions.

The Objective of a Good Sales Strategy

What you ultimately want is to position yourself in the right *place*—with the right *people*—at the right *time* so you can make the right *tactical presentation*. Once you uncover the situation (outlined above), your strategy becomes more robust. You can't set optimal strategies unless you are flexibly responsive to the new information that each encounter affords you.

The Pre-Call Plan

As an inchoate sales rep many years ago, my boss scheduled co-rides with me on occasion to provide coaching and observe how I was managing my territory. While I was a bit nervous before my "co-pilot" joined me, I always ended up appreciating his being there, and I valued his guidance. I remember the first time we rode together as I pulled into a doctor's office parking lot. My boss said to me, "*Before we go in, let me ask you*: *what's your objective here? What's your plan*?" I looked at him with trepidation and mumbled, "*Well, I-I-I want to sell the account and get his lab business*." "*Oh, is that all*?" my boss responded in a teasing manner. It was at this point we talked about a pre-call plan.

I learned the pre-call plan for a sales call should have an essential element: a legitimate reason for visiting the office—some rationale the *client* would appreciate If this were a service call on a current client, and there was no intent of "selling", my boss told me I should still have a justifiable reason for wanting to take someone's time out of their busy day. It could be a new test or panel that our lab had introduced, perhaps a new methodology, a different transport device, a notice about insurance acceptance, an abstract from a medical journal or maybe information about a new draw station opening. Unless the prospective client is hopping mad about an aspect of their incumbent laboratory (which involves hitting the proverbial lottery of being at the right place at the right time), they typically don't want to waste their time listening to a sales pitch on a topic in which there's no obvious interest.

Coming from my boss, all of this made sense to me, so I retrieved a company brochure about toxoplasmosis testing that my lab had recently introduced. This was going to be my valid reason.

<u>Roles and Response Types</u>
As mentioned previously in the "position" paragraph, it's essential to understand who the key people are that will have impact on laboratory decisions. Your strategy can *only* begin when you know the identities of the relevant people.

Within an office practice setting, there reside four general roles: (1) the administration person (e.g., office manager), (2) the users (e.g., provider(s), medical assistants, and nurses), (3) the decision-maker and (4) the coach. Each can have a different point of view regarding you and your lab, as well as the incumbent lab. One of the first things you have to do in setting an optimal sales strategy is to effectively position yourself with all of the people playing each of these roles. It's no small task, but it's incredibly important.

You have to recognize the *perceptions* of these various people as it pertains to labs. There are four response types.

1. **Future seeking**: there are those that deal with the lab every day, and they may want the latest-and-greatest, but they're currently not getting it. For example, the doctor may have just read about a certain state-of-the-art test or methodology. A medical assistant may want an easy way of creating a requisition on the computer instead of using paper. The office manager may be interested in a courier using a scanning bar-code system. They may be basically satisfied with their laboratory, but there exists in all of these examples a discrepancy between the reality and the desired results. And, when that happens, people make changes.
2. **Trouble**: this is the response type that every sales rep would love to run into every day! A client may be very dissatisfied—for whatever reason—with their current lab's service (turnaround time, lost specimens, missed pick-ups, lack of communication, billing, etc.). Again, there is a discrepancy between the desired results and reality. And, when that happens, people make changes.
3. **Happy/Even Keel**: there is no denying it—individuals in this mode are not interested in spending time listening to someone babble about his/her testing service. They're satisfied with the status quo and reality; there's no discrepancy. No discrepancy—no need to change. Having said this, there may be an opportunity to describe some differences. Following some insightful questions, you can show them their reality isn't as satisfactory as they currently believe, or you can illustrate the results they have settled for are far short of those they can achieve. Another way to address a happy client is to get another highly influential person inside the account (who favors your lab) to discuss with the decision-maker a reassessment of the situation. Finally, you can maintain high visibility and drop off important medical information with each visit (new test/methodology information, journal abstract, CDC announcements, etc.). This activity helps to build your credibility (a topic I'll touch on later). As you can see, it's sometimes possible to move a "happy" client off their pedestal and into the land of "ultimate

happiness" because they're using your lab. This requires adroit strategic questioning and tactical salesmanship.

4. **Overconfident**: unfortunately, there are people that go overboard when explaining the relationship they have with their laboratory. They pontificate about how their lab is perfect in every thing it does, and it would be out of the question to think that a different lab could do better. One might describe the overconfident response as a "perceptual disability." They have a false reading of the situation and a very strong resistance to change. The best way to manage this type of person—similar in strategy to a happy client—is to provide updated information. It's critical to build good relationships with all of the key people and recognize the type of response "mood" they are in. Your starting point is always the same: it's *how* the individual *feels* about the current situation as it relates to their perception of lab services. Someone may be in trouble mode, someone could have an overconfident response, and someone else could be happy—all within the same account. This type of knowledge becomes critical when creating your strategy.

<u>The Coach</u>

The coach mentioned as one of the four roles deserves special attention because of his/her importance within a selling environment. Just about every successful sale has a "helper"—what people refer to as a coach, a guide or a mentor. This individual can be found anywhere within the prospective customer's office, within your own laboratory or independent of both. A good coach functions as an information reservoir. It's possible to have more than one coach in an account. For example, you may know a consultant that works with your prospect, and he/she maybe able to offer some helpful insights. An employee within your laboratory may have accurate historical information from previous encounters. A coach can validate the accuracy of your information and/or provide data that you haven't been able to get elsewhere. A coach can help you understand other key employees and inform you of their individual degree of influence. And, by the way: you shouldn't expect a coach to perform any "selling" for you (although they may do this intuitively on their own); their primary role is a *guide* to help you throughout the sales process.

The administrative person, the users and the decision-maker already exist in their roles. A coach, however, has to be "developed."

There are three criteria that a coach needs to fulfill:

1. **Your credibility**: your coach has to believe in you and feel that you could be trusted in a professional, selling capacity. It's optimal if you have known this person for some time (even from a different office practice or job). But, if not, it will probably take a number of interactions for you to sufficiently build your trust.
2. **The coach's credibility**: a good coach must be well respected within your target account. It remains obvious that if you aim to develop someone that has minimal credibility, your chance of success greatly diminishes.
3. **Wants to see you succeed**: this criterion is crucial to your success. Your coach must feel that if the office decides to use your laboratory, he/she will

be better off or, at least, proud to have you as a vendor. You can ask yourself this question: "Does this individual see a personal win in my making this sale?"

Unless your candidate satisfies all of the criteria mentioned above, you should be very cautious about considering someone as a coach. It's that important.

Reposition the Competition

One of the strategic aspects that many people fail to incorporate in their game plan is that of repositioning the competition.

But, let's first step back for a moment to gain a better picture. Just like the memory of a computer, the mind has a slot for each bit of information it has chosen to retain. However, there is one important difference: a computer must accept what you put into it—the mind doesn't. In fact, it's quite the opposite. The mind *rejects* new information that doesn't "compute." Therefore, to cope with lots of information, people have learned to rank things in their head.

Providers have a "lab ladder" in their mind and each rung represents the name of a laboratory. If you want to increase your share of business, you must either dislodge the XYZ Lab above (hard to do if everything is running smoothly) or somehow relate your lab to the competition's position.

This is where repositioning the competition comes into focus. To move a new laboratory onto a rung of the ladder, you must first move an old one out (or further down). Once an old idea is overturned, selling the new idea is often very simple. In essence, the crux of a repositioning program is *undercutting an existing concept*. I do not mean in *any* way, shape or form that you should denigrate your competition! You simply want to suggest *differences* that shed an altered light on your competitor—something to which the client may not have given any previous thought.

For a repositioning strategy to work, you must say something about your competitor's service that causes the prospect to change his/her mind—not about *your* laboratory, but about your *competitor*. Just saying, "we're better than our competition" isn't repositioning. It's comparative selling and not very effective.

As an example, if your lab is local, and the doctor's office uses XYZ Lab out-of-state, you could say something like, "*Area providers have told me they prefer using a laboratory that is near their office as opposed to an out-of-state laboratory. In addition to being a convenience factor, they've told me they want to support our local economy and help with the employment base instead of financially supporting an out-of-state laboratory such as XYZ Lab*." These two sentences kill two birds with one stone. One, it uses the concept of "social norms." People's behavior is largely shaped by the behavior of those around them. In particular, people are often motivated by their desire to conform with the group, especially if it's a group with which they identify. Second, it positions XYZ Lab as "far away" vs. being "around the corner"—it brings logic and emotion to the forefront. The client may say, "*Huh, I never thought of that in those terms before. I see the point. That makes sense*."

<u>Basic Differences</u>

I hold a simplistic tenet in selling lab services: differentiate or die. The problem is, many lab sales representatives are not trained properly in the art of differentiation. Compounding this is the fact that the vast majority of office practices treat laboratories as a commodity. Why is this commoditization happening? It's because marketers act in ways that *dilute* their laboratory brand ("*we can provide the same service*…") instead of trying to *build* and *expand* it.

The issue is, when it comes to lab testing, clients are on autopilot. A specimen goes out—a report returns. It just works (for the majority of times). However, due to the complexity of testing services (proper specimen collection and transport supply, specimen logistics, specimen lability, laboratory processing and reporting, IT, billing, report format, phone communication, result interpretation, turnaround time, professional staff support, test menu, etc.), one would be hard-pressed to say that all laboratories precisely mimic each other. As a result, I firmly stand by the declaration that all laboratories are different—and *can* be effectively differentiated.

As Harvard University's well-known Ted Levitt said on this subject in his 1991 book entitled, *Thinking About Management*:

> "Differentiation is one of the most important strategic and tactical activities in which companies must constantly engage. It is not discretionary. And everything can be differentiated, even so-called "commodities"…."

There is no such thing as a commodity—only people who act and think like commodities. Every commercial laboratory, including hospital outreach programs, hold this ultimate marketing objective: retain our customers and, at the same time, attempt to take customers away from our competitors. That's what differentiation can do.

Three final points:

1. Basic differences are only significant if the *client* thinks they are important in their situation. Your laboratory could have the latest and greatest test methodology, but if the client doesn't feel it applies to them, it's *not* a valuable difference. You can try to demonstrate *why* it should be important, and you may be successful. But, the point is, don't go into a selling situation spouting out all of your laboratory's differences and thinking that the client will be grinning with excitement. This is where deft questioning comes into play. The right questions will ferret out what the client feels is important. You then can "backtrack" into your basic difference benefit(s).
2. In client-bill situations, price is often the enemy of differentiation. By definition, being different should be worth something. But when low price becomes the focus of a message or a laboratory's primary marketing activity, you begin to undermine your chances of being perceived as being unique.

What you are doing is making price the main consideration for picking you over another laboratory. That's an unhealthy way to go. In a nutshell, if you live by price, you can die by price.

3. Communicate your difference. Every aspect of your lab's marketing communication should reflect your difference. This means your brochure, your website and your sales presentation.

<u>The Sales Pipeline/ Funnel</u>

A sales strategy is not complete without a customer pipeline. There exist three general areas:

1. Identifying a qualified prospect
2. Building credibility
3. Close the business

Each area associates itself with a particular kind of selling work, and you have to be proficient in all four areas.

Many companies transform a sales funnel (or pipeline) into a timeline—say, 30, 60, 90 days. An interesting phenomenon I have noticed is that inexperienced sales representatives notate almost same number of prospects in the 90-day column as they do on the 30-day column! Unfortunately, the way sales operate, it doesn't work that way. It's only natural that you will have more at the top of the funnel (e.g., 90 days). As time goes on as you work your prospects, they get "whittled down" to one or two at the bottom, indicating you expect they will become new business within a month's time.

<u>Up-Sells</u>

Up-sells come in a variety of forms: (1) consolidating lab specimens away from a competitor (within an existing account), (2) the client directs additional insurances and (3) educating clients about a test/methodology they haven't previously ordered. Expanding your business from existing customers is *the* most cost-effective method to increase lab revenues. It's understood you have previously built trust and credibility within your account—an activity that takes significant time when starting from scratch with a prospect. The bottom line: *always* be sleuthing for additional opportunities to increase business within your existing customers. It's sales strategy at its core.

<u>Personalize Your Selling Strategy</u>

I have left this final component to the end because this equates to the apex of sales strategy. When a marketing person starts out new in a territory and has not had a chance to build strong, positive relationships with customers and prospects, he/she sits in a fragile position. On the other side, those reps that have established themselves and fostered trust and credibility with clients—and they employ good strategy and tactics—they tend to activate business on a consistent basis.

We humans have an invisible "relationship staircase" built in. It reflects six levels one can have with another person (ascending from the bottom):

People who value a relationship with you
People who respect you
People who are friendly with you
People who like you
People who know your name
People who do not know you

The last two steps endure as the most challenging and time-consuming to achieve. Many business relationships are at the "know-your-name" step—or maybe at the "like you" or "friendly" stage. However, the *successful* sales representatives yearn to progress higher, and they do so partly by performing expected *and* <u>un</u>expected, unselfish acts—all leading to trust and credibility.

There are four activities in building a good business relationship:

1. What you think (i.e., have a positive mind-set)
2. What you ask
3. What you do
4. How you do it

It stands to reason that if the salesperson falters on execution, provides misinformation or takes longer than expected to resolve an issue, his/her credibility takes a plunge. Depending on the situation, it can take a long time to swing perceptions back to a more positive direction.

It may sound almost too simplistic: building trust and credibility—aiming for that "value a relationship" step—equates to the cornerstone of a solid sales strategy. Omit this, and your strategy becomes sorely compromised—even dying on a vine. With the exception of political and friendship situations, people buy *you*—<u>first</u>. It's an automatic reflex decision for the client. The verdict hinges on internal questions the customer asks him-herself: Do I like you? Do I trust you? Are you honest, credible and knowledgeable? Are you someone I can work with at a professional level? Much of it comes down for you to interact with others in a way that makes *them* feel important and helps them get what *they* want. *Your* success will follow later.

<u>Summary</u>

In past conversations with salespeople about their strategy for certain prospects, I would frequently hear something akin to, "*Mary Jane told me she will talk to Dr. Johnson and tell him all of the great things I've explained to her about our lab. I hope she follows through, and he seriously considers us. I gave a great, enthusiastic presentation to her*." My two responses? Number 1: "*Hope is <u>not</u> a strategy*!" Number 2: "*Don't expect someone else to translate your incredibly impressive and highly energetic message to someone else. It rarely happens. <u>Your</u> job demands* *confident, effective communication with the person that can say, "Yes—I will make it happen*."

It all circles back to strategy's definition: *the art of creating power*. Selling strategically means that you approach your job with a planned system of steps that are logical and repeatable. It's the way a professional salesperson does things, and it sets him or her part from the competition.

You create power by constantly reassessing your situation, because things are always changing (people come and go, different decisions are made, etc.). You can be undermined by these adjustments if you fail to adapt. Consequently, treat your strategy as a dynamic system—one that is always in the process of refinement.

Long ago, a small shepherd boy figured out he didn't need to be someone like a Mike Tyson, lug deadly steel weapons or attire himself with heavy armor. Fast-forward to the present: it's in your power, too, to strategize. *You* can become a field-marketing "king" yourself by selling strategically.

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. He has written over forty articles on the subject of laboratory sales. Visit the company's web site at www.clinlabsales.com for a complete listing of services.*