

Is your lab rep selling a commodity?

By Peter T. Francis

The “buzz” at national industry meetings (i.e., The Executive War College and Washington G-2) has been about labs perceived as a commodity. Many healthcare providers and allied health professionals believe that a lab is a lab is a lab. After all, a complete blood count or a basic metabolic panel are pretty much the same at every clinical laboratory. The problem is that many sales professionals who market their respective facilities feel the same way. They stop by a prospect’s office dreaming of catching him on a day when things have gone terribly awry with the current lab vendor and hope to become a rescuing “white knight.” But, then, hope is not a strategy.

Physician offices choose from multiple lab-service options based on various factors among which are accepted insurances, patient service-center locations (PSCs), reputation, specialty testing, connectivity preferences, political alliances, and — maybe — price. It is a catholic fact that offices that accept the major insurances must use multiple labs due to laboratory insurance-contract obligations. Why would a doctor’s office opt for a *different* lab service if there is no other insurance-contract obligation? There are those who do not.

But, many do — and there are several reasons.

Political and strategic reasons

The doctor or the decision maker may have attended the same school or may be a friend of the lab owner or the pathologist. The doctor’s office might be located on the campus of the hospital where a feeling of obligation or expectation may exist. Perhaps there is an ownership or management condition dictating the use of a specific lab. Where issues are emotional and political, almost everything else is secondary with those who make lab decisions. Political benefits drive buying activity more than logical ones.

Healthcare professionals may select a particular laboratory service as a matter of *strategic preference*. Two fundamental factors make up this aspect: 1) What the lab can do for the doctor’s patients, and 2) what the lab offers that makes a difference to the office or individuals within the office. In the case of the former, examples are convenient PSCs, hassle-free access for patients to reach the lab’s billing department, courteous and experienced phlebotomists (especially with children), and patient-education

documents (e.g., 24-hour urine-collection instruction, explanation of certain routine tests, a map of PSCs).

As to Point 2, making a difference to the office, the list of what the lab offers can be quite long as well as client-specific. In a general sense, if there are no true political or emotional reasons in play, *strategic solutions* can easily trump financial or operational reasons. If an office has previously made its decision based on financial benefits, the competing sales representative has an opportunity to present an alternative justification. Most people seek the best *value* when they make a purchase. If the customer is looking for the cheapest lab, all he really needs is to see a salesperson once to get a quote. Instead of competing on price alone, however, the marketing representative can produce *value* through the sales experience (avoiding the price-driven sale) and separate himself from those who profess to give “the best deal.” It is a sorry state of affairs when an office manager says to a rep he barely knows, “Here are the tests we do; give me a proposal with your best price. That is all we need.”

This is where the art of differentiating comes into play. Master-class marketing people understand the business. They distinguish their lab service because they bring *marketplace insight* and *sales expertise* to the client. A representative new to the industry or to sales simply does not have this skilled business acumen; he needs time, training, and experience. An average rep chooses to remain average; he promotes a “me-too” story about his laboratory. What does a master-class marketer study and practice to make the buying event and the after-the-sale experience pleasurable situations for the prospect?

Differentiating aspects

There are many factors that separate labs from one another. Dig for them and judge various features against the competition. Some differences could be:

- billing SOP (including contracts);
- connectivity;
- critical-value cut-offs;
- field-rep expertise;
- heritage;
- normal values;
- patient fees;



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- PSC (hours of operation, wait times, cleanliness, phlebotomy technique, courtesy, sign-in protocol, and more);
- report format;
- service (an umbrella covering many pieces such as couriers, client services, professional consultation, representative rotation timetable, and standard operating procedures);
- service-manual content and format;
- supplies;
- test menu;
- test methodology; and
- test turnaround time.

The list is almost endless. If a sales rep believes he has nothing of consequence to review with prospective customers, he should haul out a microscope, closely examine his lab, and begin asking questions about his competitors. Positioned under this microscope is a glass slide with all kinds of differentiators that both the rep and his manager have discovered. The marketer meticulously studies the slide and develops a written list of these differences, which places him into a select, knowledgeable group of representatives.

No matter how many basic differences or unique strengths a representative discovers about his lab, they are not worth one iota unless the person listening to that rep *perceives* those to be a difference or a strength. What will help them solve a problem, uncover an unforeseen issue, or make an improvement?

Example: The marketer should avoid a pompous description of his lab's state-of-the-art five-color flow cytometer to the receptionist. The receptionist does not *need* five-color flow cytometry. Chances are that such a listener will be apathetic, irrespective of a professional and knowledgeable presentation. Basic differences must translate into benefits that tie into explicit client needs and that must be presented to the appropriate audience.

A variety of examples

A number of facets culled from various labs can make or have made a difference to doctors' offices. The marketer has to deftly ask questions that steer his customer into a dialogue about certain aspects of or their feelings about his job, patient care and/or convenience, the office operation, the current lab service, and other pertinent topics.

By asking the right questions at the right time, the rep conceivably can produce an "ah-ha moment" for his customer. Many differentiators can solve a current issue or uncover an unrecognized or potential problem and provide an unanticipated solution — all very powerful components of the consultative sales process that a skilled representative employs to create *value* for the client.

Turnaround Time (TAT): An outpatient has his routine prothrombin time or PT drawn in the early morning at Lab A's PSC. Across town, another patient has the same test drawn at the same time at Lab B's draw center whose testing location is an hour or two hour away or in a different state. Logistically, Lab A can receive the patient's specimen and produce a result by noon; the international normalized ratio, or INR, is grossly abnormal, so Lab A's client-service department notifies the physician's office; the doctor acts immediately that afternoon. Lab B generates an abnormal result late in the evening and calls the physician's answering service that, subsequently, calls the physician off-hours. He cannot consult the patient at that time

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of night. Which doctor is pleased with his lab service, and who is likely able to provide better patient care?

Up-to-date testing information: Those lab reps who keep their customers informed are the winners and more inclined to build competitive barriers. Some clinicians continue to order T3 uptake and total T4 "profile" to evaluate thyroid function — tests deemed outdated by the American Medical Association, which eliminated the profile terminology years ago. With a good thyroid-stimulating hormone, or TSH, and free-T4 assay, a provider can make an initial diagnosis of hyper- or hypothyroid disease. Informed sales reps who discover doctors still ordering the antiquated thyroid profile can explain the current testing algorithm. Contrast that scenario with a lab rep without the initiative to unearth any such clients and who says nothing to his client about a more contemporary approach. Office practices want and *expect* information from the lab on up-to-date testing algorithms, newer

methodologies, and available assays.

Methodologies: Methodology choices among labs can make a difference. Take hemoglobin A1c (HbA1c). Many labs use the immunoturbidimetric method for HbA1c with the advantages of internal low cost and automation. Its disadvantage is its potential inability to distinguish patients harboring hemoglobin variants, such as HbS or HbC. In contrast, labs using ion-exchange chromatography or boronate-affinity may be able to detect these hemoglobinopathies due to their ability to reveal spurious alterations in hemoglobin-elution patterns. These two tests obviate the confusing factors in interpreting HbA1c results in co-affected patients. A simple lab-report notation of this observation could be helpful to a doctor initially unaware of his patient's hemoglobinopathy. A master-class sales rep would be able to explain this methodology difference to clients and suggest alternative assays for determining average blood glucose. Both fructosamine and glycated albumin

are not dependent on red-blood-cell survival, as is the HbA1c assay.

Another distinguishing methodology difference is tandem mass spectrometry (MS/MS). In labs that assay for Vitamin D and immunosuppressants (e.g., cyclosporine) methodologies like enzyme immunoassay and chemiluminescence are sometimes used. Tandem MS is a state-of-the-art method employed for these types of assays because of its exquisite sensitivity and specificity. If a lab is using MS/MS or refers to a reference lab and its competitor is not, the marketer has another unique strength to differentiate his lab.

Testing menus: Many labs create their own allergy panels. Here, too, can be a distinguishing factor. Some providers may prefer a large profile of allergens (e.g., 25) as compared with another lab that has 15 allergens in its general profile. Selected labs design a wide assortment of allergy panels that some doctors may value as opposed to a lab that offers a limited selection. There is also an FDA-approved blood test to detect *Mycobacterium tuberculosis*, but not all labs may have established this as part of their testing menu. This test has many advantages, such as eliminating the traditional and cumbersome two-step process, generating a result within 24 hours, and removing subjectivity. Some facilities offer an advanced immunochemical test, which is not affected by diet, for fecal occult blood (FOB) while others continue to only offer the traditional FOB test.

Expertise: Some labs have numerous sub-specialty pathologists (e.g., dermatopathology, endocrine, pulmonary, cytopathology, breast, prostate, hematopathology, and gastroenterology), the constellation of which can make a difference to a client when contrasted to labs that may not have a robust, varied staff. The annual number of cases a specialist pathologist examines can be impressive to a corresponding clinical specialist; it is only natural that practicing physicians feel more confident when they know someone with extensive expertise is reading their patient's biopsy.

Solving client problems: Many laboratories leave handling and resolving client crises to the marketing person or the client service rep. Yet, other labs go one step further by congregating depart-

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ment heads in daily or weekly meetings to review recent client problems. This method offers a number of benefits: Everyone hears the issues and understands what is impacting customers; departments can weigh in, in a “forum” setting, on possible solutions; and, most importantly, create and agree on permanent solutions to avoid future problems. Once the predicament is resolved, the field rep can respond to his client with the internal conclusion, offering a 360° problem-to-solution as well as a sense of “we care about you.”

Filling orders: Certain labs focus exceptionally well on customer service and aim to fill an order the same day or the next as the request is received. Others less attentive may not be able to complete orders as quickly; thus, lab supplies may get to its client in a week’s time or “whenever.” Generally, labs may not inventory the same transport supplies. This seemingly inconsequential service aspect could have large implications, prompting a client to listen more intently to a representative whose competing lab is more sensitive to TAT or that carries a particular media-transport item.

The lab’s sales representative: The marketing person himself can be a differentiator by understanding his lab’s operation and testing capabilities, acronyms, disease states, and a myriad of other details. A hematologist asks his lab rep if the lab does the “MTHFR” (methylenetetrahydrofolate reductase) mutation assay. The field rep says that it is a reference test and states there is no problem for his lab to handle it. The same scenario takes place in another hematologist’s office, but his representative looks inquisitively and asks the doctor to repeat the acronym “MTHFR” as he scribbles it down, explaining, “I will get back to you.” While nothing is inherently wrong with this, the first example shows a sales rep with a sense of confidence that assures the doctor. The rep also establishes a robust reputation, which also helps to ward off competitive threats.

A representative’s professional manner and marketing techniques can be another distinctive factor. The sales process is both strategic and tactical in nature. Clients may base 50% or more of their decision to use a particular lab centered on the sales representative, political factors notwithstanding.

Client decisions distill down to the *trust* and *confidence* each one has in the field person and how much *value* the rep contributes to the overall customer relationship.

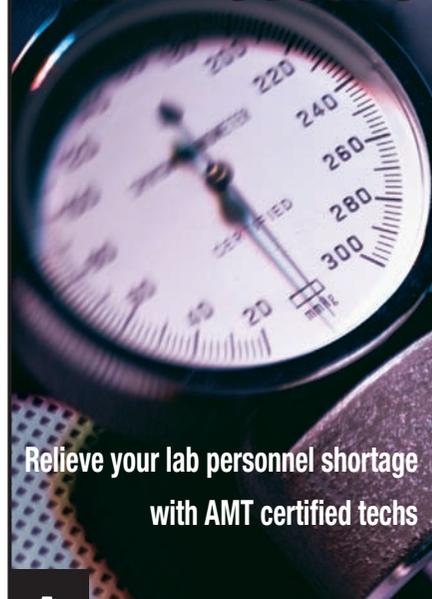
The marketer’s responsibility is to help create the appropriate perception of his lab to its customers and prospects. To do this requires proper sales training and coaching. Becoming fully cognizant of his company’s operation, testing menu, methodologies, billing, and connectivity options provides the field rep with a great deal of content to discuss during client interactions. Time, patience, aptitude, and a willingness to extract the strengths within his laboratory and sleuth on the competition can build a “master-class” account executive.

David Packard of Hewlett-Packard once said, “Marketing is too important to be left to the marketing people.” Top lab management should be in charge of making sure that a differentiating strategy is generated, communicated, and maintained. Top management should *want* to be involved in the differentiation strategy of its laboratory. Upper management frequently assumes its sales people have all of this differentiation strategy worked out. They need to know about and even help design the outgoing communication. Many examples throughout the business world demonstrate that when upper management that chose not to show interest or participate in the differentiation strategy, their companies or products failed.

If a doctor said to your lab sales rep, “No more of this stuff about great service, high quality, and 24-hour TAT. What makes your lab *different* from everyone else’s, or is your lab running a commodity service?” — how would your marketing person respond? The answer? “We are far from a commodity lab service. Some of the things that make us unique may or may not be significant to you. It really depends upon what you believe is important in a lab service. Can we start by having you give me a better understanding of your practice and allowing me to ask you some pertinent questions?” □

Peter T. Francis, president of Clinical Laboratory Sales Training, LLC, dedicated to helping laboratories increase their revenues through knowledgeable and professional representatives, is the author of numerous industry-related articles. Visit www.clinlabsales.com for a complete listing of its services.

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