

Elevating Your Selling Success Through Education & Training in Healthcare:

“History in Healthcare 101”

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During the furniture industry’s recession, the “effort to develop the knowledge and skill of salespeople,” better known as “training,” has been abandoned for a complete emphasis on other issues...such as “who is buying furniture?” and “where is the business?” Back in the good old days, business was flourishing and it was easy for furniture companies to allocate time and money to “self-improvement” or training. It’s not so easy today.

In this economy, how does a furniture company maintain a focus on “reaching customers who are buying” without sacrificing the required “self-improvement and training” necessary to maintain the professionalism of their salespeople?

This is achieved by sales leadership targeting the training process on competency improvements that will lead directly to the buyers in a thriving industry. When buyers institute a complex “buying process,” target industry training results in an “informed salesperson” with improved skills that will always have a profound effect on the selling success.

For example, contract furniture companies know the healthcare industry offers untapped selling opportunities. A lack of information and true understanding of that business makes it difficult to reach the right decision makers, to be on the right contracts, to work within the product specification process and to deliver furniture solutions.

Believe it or not, it is not the contract that drives the sale. It is being in tune with the healthcare customer’s needs and the ability to deliver real solutions.

As a sales manager, it’s difficult to continually hear the sales staff state, “I can’t get in the door, we don’t have a contract”...or “Because our manufacturer doesn’t have a contract with “X” GPO, they will not buy from us.” Even when on contract, you might hear a different statement from a hospital, such as, “Yes I know we have an agreement with “X” GPO but we prefer to do business with your competitor (dealer or manufacturer)”.

Have you ever had this happen? It is the ultimate frustration when you are on the contract and kept out of the buying process! Furniture sales managers and reps must be able to deal with these situations to get the business. Today, many furniture reps are not able to respond appropriately to typical reactions encountered with healthcare buyers, such as materials managers, in local hospitals.

A materials manager sees little value when bombarded with furniture reps that have little understanding of the needs of the healthcare facility. When a materials manager encounters a furniture rep that is really in tune with the facility’s needs, that rep often becomes the “go to” person because they have differentiated themselves!

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In the weeks ahead, we will present comments from healthcare buyers, such as Materials Manager and members of healthcare purchasing organizations and delivery networks, expressing their desires and frustrations in dealing with furniture sales representatives.

Likewise, we will present comments from leading furniture industry representatives on the success and difficulties in dealing with healthcare facilities and purchasing organizations and the true business value of healthcare contracts.

To generate furniture sales with the healthcare customers, the salesperson must be able to:

- Identify and understand the requirements and needs of the Group Purchasing Organization and Integrated Delivery Network that drive the buying process for their prospective healthcare customer.
- Identify the individual buyers in potential healthcare accounts and position themselves in the buying process early enough to address the specific needs of each player.
- Secure business with and without GPO or IDN contracts.
- Build strong business relationships with local Integrated Delivery Networks
- Differentiate themselves from the other furniture suppliers trying to penetrate the healthcare market.
- Maintain an ever-present awareness of the marketing and growth plans of all local healthcare facilities and companies. The Internet provides an efficient method to track this type of healthcare industry activity.
- Understand areas most critical to the revenue generation for a hospital or healthcare facility and position furniture solutions that support those areas.
- Learn the marketing campaign of potential healthcare customers and

position furniture solutions that support those marketing messages.

- Tap into the healthcare project specification process at the right moment to influence buying criteria.

Managers desiring to drive successful selling to the healthcare customer must be able to:

- Direct proven and simple strategic planning methods and selling behaviors.
- Continually train the sales staff to meet the ever-changing needs of healthcare customers.
- Drive a selling process that mirrors the healthcare buying process and includes required account management activity to maintain the business after it is won.
- Measure and track the progress of salespeople in healthcare sales and the training they use to maintain healthcare sales professionalism.

Now to begin developing a better understanding of healthcare, let's review "History in Healthcare 101".

Managed Care came on the scene in the early 80's as costs were out of hand for Medicare and third party payers. One of the biggest changes in the healthcare market took place in 1983 with a new code structure for procedures. Diagnostic Related Groups (DRG's) turned the healthcare world upside down overnight! Prior to DRG's, a hospital was reimbursed for most of its costs by third party and government payers. If someone was hospitalized for seven days, the facility totaled the costs and the bill was reimbursed by insurance or Medicare/Medicaid with few questions asked! New DRG reimbursement methods changed this scene dramatically.

Remember when the delivery of a baby resulted in a three, four-, five- or even a seven-day hospital stay? Remember when that type of hospital stay was reduced to one or two days at the most? That was due to the new DRG reimbursement scheme to reduce the costs of healthcare. Today the hospital staff does all they can to expedite the total birthing process and reduce unnecessary hospital services so that lower reimbursement amounts still produce hospital profits.

DRG's are part of the Managed Care phenomenon. Some define Managed Care as "the delivery of comprehensive, cost-effective health care through a system that influences the utilization of services, the cost of service, and monitors then measures performance."

Imagine it's 1985. Managed Care is here. DRG's arrive on the scene. Hospitals are struggling. Manufacturers of medical supplies and

equipment are seeing orders drying up. Incomes are dropping in every sector. Nurses and hospital staff are being laid off as facilities are conserving cash at all costs. This change causes the next major shift in the industry... The Group Purchasing Organization is born and rushes to the rescue of hospitals needing to join together to leverage "buying power" and lower operating costs.

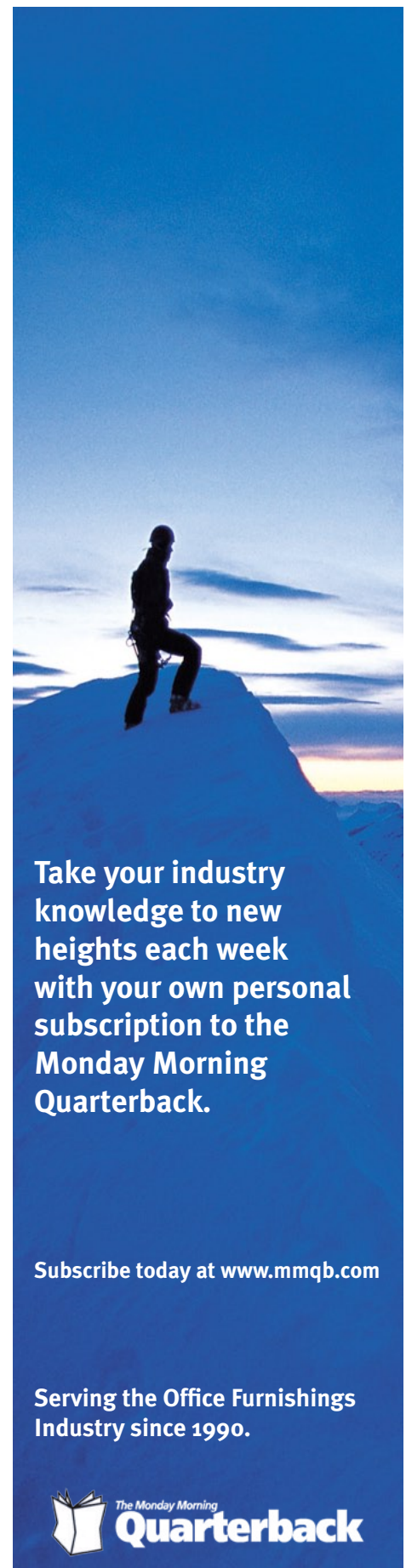
This article is the first in a series that will appear exclusively in MMQB weekly until NeoCon in June. We will continue to define the intricacies of finding and winning new sales opportunities in the thriving business of healthcare. In our next article, we will explore the Group Purchasing Organization (GPO) and how it affects your ability to succeed or fail in selling to the healthcare customer today.

Please contact HCFI to tell us about your selling situations and suggestions for article topics that will answer your questions.

Also, HCFI will be presenting "Health Care Furnishings Executive Forum" (HFEF) at NeoCon. Panels of executives from healthcare materials management, GPO's, IDN's, A&D, facility planning, manufacturing, and contract furniture will be discussing ideas and issues to inform the entire industry on the business of healthcare. We invite your suggestions for topics to be addressed during the HFEF conference. Please direct these, along with article topics, to bob@hcfurninc.com

HCFI offers the following educational programs designed specifically for the contract furniture industry:


- Education in Healthcare – A two-hour on-site presentation, delivered to your organization, provides a thorough overview of everything you need to know about pursuing business in the dynamic and growing industry of Healthcare!
- Health Care Furnishings Executive Forum - During NeoCon, June, 2004, we will bring together key executives from GPOs, IDNs, furniture manufacturers, dealers, A&D, and large distributors so you can hear first hand the issues relating to the sales/marketing of products and healthcare customer expectations. Exact date and location to be determined.
- Selling to the Healthcare Buyer – A "new business development" program providing education on the healthcare marketplace, the healthcare buying process, and puts in motion the new business development selling activities that produce success with healthcare customers.



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