

Elevating Your Selling Success Through Education & Training in Healthcare:

“GPO’s... Are They A Nemesis Or Partner?”

The answer to this question could go in either direction. It is really up to you! Because of the unique “go-between” position of the Group Purchasing Organization (GPO), they can be a real advantage for you when you understand their buying process, or a real thorn in your side if you don’t. To reach healthcare buyers, it is essential that you be able and willing to adjust your selling process to meet the requirements of the GPO buying process. You must also understand that all GPO’s are not created equal, as some are better than others in their own ability to drive the sales of the products for which they contract.

Groups began taking hold in the mid 80’s. They were developed due to Managed Care and the need for hospitals to reduce operational costs in materials management. They also reduced insurance costs for hospitals and physicians, provided technology assessment tools, evaluated pricing portfolios, and many other things too.

Today GPOs are very effective marketers of contracts. They have been successful in convincing hospital administrators and CEOs of their advantage in reducing the cost of running a hospital. Often, a hospital becomes an “owner” of the GPO by investing, or paying to base their purchases on the GPO’s contractual agreement with suppliers.

The hospital CEO will give a directive to hospital staff to begin purchasing the products represented on the GPO agreement for many reasons. Sometimes, staff members go along with the edict, but more than not, they fight it. This is especially true when the new agreement forces them to move away from preferred products, of course, or their favorite sales person. This has been an ongoing battle within hospitals since the beginning of Group Purchasing Organizations.

When a product is a “physician preference item” viewed as critical to the success of patient care, emotions run high and the success of the conversion to the contracted product is more difficult and many times unsuccessful. When product is simply a commodity, such as toilet paper

or gauze, the conversion can happen quite easily.

So much depends upon the GPO, their own system for selling their services, and the coordination of the contract implementation with suppliers. If an implementation plan is not in place between the GPO sales team, the supplier’s sales team, and the staff of the user hospital, the success rate decreases significantly.

Let me just say this once and for all: Getting a GPO agreement does not mean you will get the business, regardless of what you have been told. And when you have the agreement, don’t be surprised when your reps tell you...“Even though we have the agreement, they are still using our competitor. There is nothing I can do!”

These situations are frustrating to the GPO and furniture supplier alike and happen frequently during the furniture buying/selling process. The value of the GPO can be compromised, upsetting the GPO, while the efforts of furniture suppliers seem futile.

Furniture buying agreements are doomed from the start when furniture manufacturers and dealers, unfamiliar with GPO expectations and processes, treat a hospital purchase like any other contract furniture sales opportunity. Without working dialogue and partnership with Group Purchasing Organizations, vital links are missing from the chain of sales success in healthcare.

THE KEY IS THIS...

An important aspect of every GPO is their genuine "business interest" in working with all suppliers to facilitate the buying process of the healthcare customer. Furniture suppliers can do much more to leverage the support GPO's offer. For example, the GPO can help the furniture supplier build internal hospital relationships and link suppliers to the specification process. GPO's will partner with suppliers to resolve a host of healthcare project issues. Furniture suppliers ARE NOT taking advantage of the GPO's ability to assist.

If you want to be a successful furniture supplier, you must be able to:

1. Track all sales in the GPO hospitals and pay the 3% administrative fee to the GPO on a timely basis, usually at the end of the quarter. If your internal systems cannot track the sales through your dealers or sales representatives, the agreement will never be successful.

2. Inform your sales reps and dealers of the terms of the agreement (freight, pricing etc.) and the realities of the contract. Do not over-play getting the agreement and what it means to your company or the sales team. You set yourself up for failure with this tactic. The agreement will not sell for you. It simply builds the framework for you to sell within.

3. Develop a "marketing plan" defining how you will inform your reps, dealers, and healthcare customers about the agreement and what must be done to make it successful. Lay out the plan of "attack" for the sales team of the GPO and your own sales team.

4. Partner with the GPO on your marketing plan and discover how they will inform their "members" of your agreement and what you will be doing to market the contract. This makes visiting the hospital and introducing the agreement much easier.

5. Make sure your "furnishings agreement" is important to the contract manager of the GPO. Push them to support your "deal".

6. Offer promotions to your sales team that will focus their selling activities on the new agreement opportunities. Review your sales results with the GPO quarterly. If you cannot do #1 (track all sales), you cannot really offer promotions as there is no measurement of success or failure. The business and contract must be measured.

The GPO will support your success when you work with and support the GPO! Unfortunately, most furniture suppliers have difficulty complying with this unique customer.

Lastly, let's not forget the overwhelming influence of "personal preference." If a hospital floor supervisor doesn't like the looks of your chair or it isn't comfortable, no agreement will make him or her acquire it. If the style doesn't fit with the designer's idea of how this "hospital unit" must look, you will not get the order even though your product is on the GPO contract! If you are too expensive for the budget of the hospital, you will not get the business.

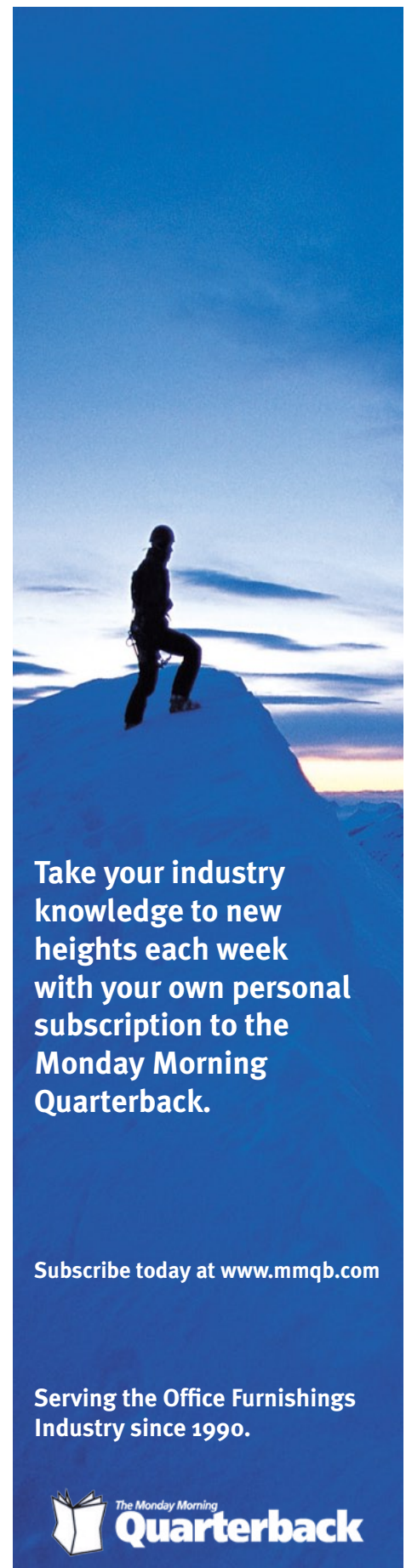
"GPO's... Are They A Nemesis Or Partner?" It's your call!

For a more thorough look at the impact of the GPO and your sales opportunities within healthcare, we provide a two-hour on-site presentation, "Education in Healthcare," delivered and customized to your organization. It provides a thorough overview of everything you need to know about pursuing business in the dynamic and growing industry of healthcare, including GPOs!

During NeoCon in June, we are offering the "Health Care Furnishings Executive Forum," bringing together key executives from GPOs, Integrated Delivery Networks, furniture manufacturers, dealers, A&D, and distributors. You will hear first hand the issues relating to the sales/marketing of products and meeting healthcare customer expectations. Exact date and location to be determined.

Designed specifically for the contract furniture industry, we offer, "Selling to the Healthcare Buyer," a "new business development" program providing web-based and classroom education on the healthcare marketplace and the healthcare buying process that puts in motion the selling activities that result in success with healthcare customers. These furniture industry veterans are a part of the HCFl team to bring you this unique training opportunity... Juanita Brown and Steven Smith, combining 32 years of sales training focus in the furniture industry, and Royce Robinson, a 24-year veteran in field sales and distribution leadership.


For information on HCFl's consulting and training programs, contact Bob Oosdyke at bob@hcfurninc.com or phone 949-500-4636.



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