

# Does it Need to be INSIDE SALES vs FIELD SALES? The Tandem Approach



*Covering accounts too small for the field sales rep to visit in person isn't the only—or best—use for an inside sales team.*

When we think of an inside sales team, we often have a mental picture of a master “phone jockey” negotiating with an account in Idaho or Alaska, where it doesn't make financial sense to send a field rep. That inside sales rep has full responsibility for that account and many others that fall into the category of “too small to visit in person.” There is a lot of value in finding ways to cover these types of accounts, but I'm not convinced that covering the lowest-value accounts is the best—or only—use for an inside sales team.

In medical device organizations, the sales organization continues to be quite critical to driving sales due to the varying complexity of products and interactions with customer stakeholders. The ultimate goal of a sales force, of course, is to drive revenue at a reasonable cost, leading to good margins for the organization.

Most medical device companies spend approximately 30% on selling, general and administrative expenses, so sales forces must strategically leverage their assets to demonstrate an adequate ROI. That said, how do we make sure that we're getting the most out of our inside sales team, rather than relegating them to “phone jockey” status?

## Cost Structure to Revenue Impact

At the companies that I've worked with, an inside sales rep's fully loaded cost is still approximately 65-75% of the cost of a field person, so these are not, in fact, “cheap” resources. If we are sending inside sales resources after the smallest accounts, are they providing profitable sales?

Consider the following:

- A field rep visits a large account 10 times per year (in person), and each visit costs \$10,000 in field rep costs. This large account buys \$1 million in product, and each incremental call nets \$100,000 in the big account.
- The inside sales rep calls an account 10 times per year, and each call costs \$7,500 in inside sales rep costs. This small account buys \$50,000 in product, and each incremental call nets \$5,000 in the small account.

What if I could double the number of touch points to the big account by using my inside sales rep to help support the field rep? When comparing this to

the second option of selling to a small account, that inside sales rep would only have to generate \$6,000 in additional revenue per account (6% of what the field rep accomplishes) to be more valuable on the big account versus the small account.

This doesn't seem unreasonable at all. In fact, I was recently working with a medical device organization that implemented a “tandem” model in a handful of districts, and in just the first six months, the company was seeing a positive impact. A tandem model is one in which both field and inside sales teams share some accounts and cover them as a team. It's often a very effective use of resources to increase interaction with the customer without the customer feeling like he has a rep in his office every day.

In the case of my client, when compared to historical results and to current districts not using the tandem model, there was an increase of approximately 1% in sales in just the first six months—when the learning curve still was very high. This might not seem like a huge number, but in my simple example above, an increase of 1% with the big account equates to \$10,000 in six months or \$20,000 annualized—four times the amount that the same inside sales rep brings in with the small account.

Adjusting the roles of the inside sales team to partner with the field team in a tandem model isn't easy, though. It requires a plan for activities that the inside sales team can take on that will drive value without adding on menial tasks that the team won't enjoy. It will require some sort of value-add customer interaction such as on-the-phone training, cross-selling, etc. We've seen some great examples of how inside sales teams can be used, including:

- Providing product-specific details or training providers on products and compliance
- Qualifying leads, and understanding providers' interest
- Supporting product launches
- Helping manage inventory and orders
- Answering providers' questions both reactively and proactively

In addition, the tandem model will likely require an adjustment to how compensation works, as some accounts will now be shared across teams and there likely will be higher expectations for those accounts. And even more importantly, it requires a degree of change management to show the value to both sides of the adjustment of the go-to-market model and how it will drive business.

In these days of skyrocketing senior leadership expectations without skyrocketing resources, we have to find ways to maximize the value of our resources. I believe that the inside sales team is an underappreciated and underused resource that can provide medical device sales organizations with an opportunity to boost their efficiency and effectiveness, leveraging their assets to double down on the most profitable accounts. 🍌

This is the fourth in a series of articles from the sales and marketing consultants ZS Associates. (See also, "Three Ways for Medtech to Make the Most of the Channel," *The MedTech Strategist*, February 29, 2016 "When Considering a Merger, Ask Why," *The MedTech Strategist*, November 18, 2015 and "How Medtech can Take a Tip From Other Industries," *The MedTech Strategist*, September 16, 2015.)



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## Thinking Small

If you move your inside sales reps to a tandem model, you will still need to determine how to manage the small accounts. But you must first ask what they're worth. If they offer a lower value than any reasonable resource could cover, then you remove coverage altogether or rely on very simple marketing-based coverage (such as flyers, emails and mailers). If your smaller accounts are still worth covering because they buy a small but decent amount of product, think about other potential cost-effective coverage models, such as:

- **Distributors:** They often have the reach to get to these small accounts in rural areas because they carry a larger bag, but they won't achieve the concentration on your product that you would with your own team.
- **Customer service:** They often receive calls from these small accounts with questions about products. Equip the team with specific sales language to use when one of these small accounts calls in. Also, use downtime to have the customer service team make proactive outbound calls to small accounts.