

MEDICAL DEVICE AND DIAGNOSTIC INDUSTRY

# Three Tools to Improve Medical Product Sales

Customer relationship management systems, mobile applications, and master data management can change the game for a medical device sales team.

BY: BRET CALDWELL

A host of economic and regulatory challenges are driving medical product companies to implement new selling models and strategies such as value-based selling (VBS), team selling, key account management, multichannel marketing, and pricing optimization. But they're not always finding success.

- “We talk a lot about selling to the C-suite, but rarely go there.”
- “Monitoring contract compliance is extraordinarily challenging.”
- “Our sales force is trained on value-based selling, but it focuses on relationship selling.”
- “We have account-level potential data, but the sales force thinks it's unreliable.”
- “We invested in CRM and iPads, but where's the ROI?”

If any of this sounds familiar, you're not alone.

Companies often blame sales management and training departments if sales or profit growth with these new models is less than expected. However, in our experience, another more fundamental source for failure or limited success is a lack of support for upgraded commercial operations.

## BETTER PRICING AND BETTER SERVICE STARTS WITH BETTER INFORMATION

One of the most important drivers for upgraded commercial operations in the

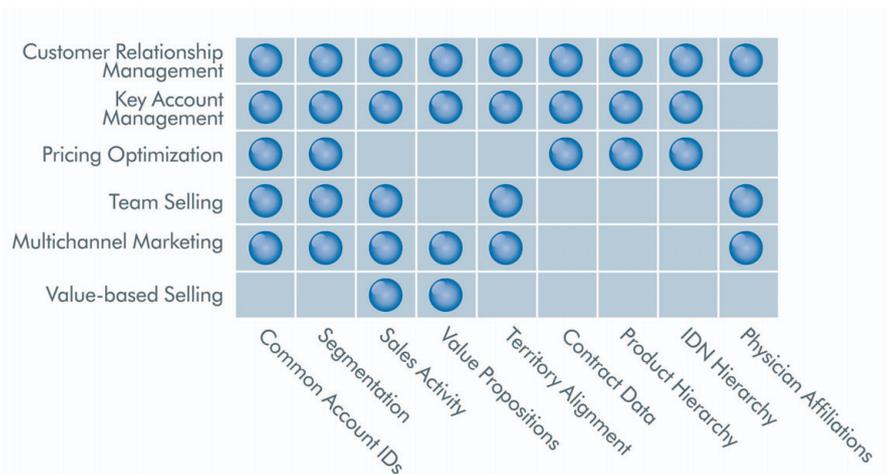


Figure 1: Common types of data used for current and next-generation sales and marketing strategies.

medical products industry is the trend toward more centralized purchasing. Many hospital systems and institutions are demanding preferential pricing, better service, or both.

Medical product companies need better information and communication to understand their customers and support incremental sales roles and strategies. In the past, it may have been sufficient for sales reps to build and maintain strong relationships with surgeons, who had significant influence on hospital purchasing decisions. Today, surgeons are less likely to be influential. Purchasing, value analysis committees, contracts for integrated delivery networks (IDNs), and CFOs can directly and indirectly influence decisions to buy medical products. More sales roles and

sales strategies, as well more complex information and systems, are often required to succeed in this environment.

For example, a recent ZS Associates and Aberdeen Group study illustrates when companies excel in articulating the overall economic value of a medical product or service, they have significantly higher customer retention, market share, revenues, and profits. These businesses collaborate closely with multiple customer stakeholders within accounts to understand the goals and objectives, tailor their offerings to customer needs, and communicate a compelling message about the total value delivered.

Interestingly, the study also shines a spotlight on how numerous medical product companies – even those who recognize VBS as a key driver of performance – have

yet to implement the advanced selling techniques and processes that enable it.

The successful implementation of a VBS program requires a holistic approach to managing and supporting the sales force. Pioneering medical products companies recognize that successful execution of these strategies requires real-time, enhanced customer insights, which, in turn, require strong operational capabilities and support.

### THREE TOOLS TO IMPROVE MARKET STRATEGIES

In our experience, upgrading sales and marketing operations is critical for successful implementation of new sales strategies in the medical products industry. Upgrading operations such as customer relationship management (CRM) design, mobile technologies, and master data management (MDM) are particularly important. CRM focuses on developing more informed and engaged rep to customer relationships. Mobility is a critical technology that supports more efficient and effective implementation of new medical products sales models. MDM provides the underlying infrastructure to help medical products companies accurately define their customers and synthesize more robust data at an actionable level.

#### CRM Systems

Medical products companies have made heavy investments to develop CRM systems that help their sales forces manage customer relationships effectively and uniformly. Well-designed CRM systems help companies collect more information about key customers and marketplace trends on a timely basis, as well as inform sales reps on customer needs and opportunities. Best-in-class systems also help update sales reps regarding other critical commercial activities, such as marketing strategies and tactics, customer service interactions, and contract negotiations.

#### Mobile Platforms

Along with CRM implementation, developing mobile platforms and applications was identified as a key priority in a recent ZS benchmarking survey of leaders in the



Figure 2: Common commercial operations functions.

medical products industry.

Mobile technology, including tablets and smartphones, allows medical products companies to develop platforms and apps faster than ever. It also enables those platforms and apps to make a sizeable business impact. Mobility computing offers reps the opportunity to demonstrate products through video or initiate a video conference with peers or clinical specialists for expert commentary. This collaborative and customized environment during sales calls improves the quality of a rep's interactions with physicians and other key decision makers.

Apps that deliver fast interactions, easy accessibility and easy-to-reach data serve as a seamless integration of the sales rep's natural routine and result in increased productivity, convenience, efficiency and responsiveness. Mobile solutions can also improve the effectiveness of closed-loop marketing solutions by allowing reps to provide immediate feedback on physician responses to marketing materials.

#### Master Data Management

MDM is the combination of systems and processes that link, manage and process key commercial data. MDM helps integrate disparate data sources to fuel successful sales and marketing initiatives. It can be as simple as a robust process to manage a consistent customer ID number across business functions or as sophisticated as

integrating sales activity, marketing investment, customer service conversations, market potential and company sales results at the customer level.

A holistic, 360-degree view of customers based on data that is complete, accurate and timely provides better visibility into accounts, their organization, priorities and behaviors. This, in turn, provides accurate measures of market potential, delivers strong customer coordination across different commercial channels, and supports better pricing and contract management for existing customers.

### SIX KEY DRIVERS OF EFFECTIVE OPS INVESTMENT

Although specific areas where each medical products company should upgrade its commercial operations vary, the success factors remain the same.

#### Business-driven Design

Relevant business intelligence ultimately informs commercial decisions. This makes it essential that investments in commercial operations are driven by business strategies and not just the IT departments's intuition. IT-driven designs tend to leverage existing technology platforms and systems that are insufficient at best, and at worst can conflict with business imperatives.

For instance, a large medical device

company with multiple business units was implementing cross-selling strategies to help different business units of the company sell to a single customer. The company's legacy systems fit each of the units but required convoluted processes to create a common customer profile. When the company developed a full MDM program, it kept the focus on business needs, not IT. As a result, the program successfully facilitated the collection, maintenance, and retrieval of disparate information at a customer level using a customer definition that the sales force was accustomed to using.

It's important to clearly define customers. Different industry segments require customer insights at different levels, which MDM should support. For instance, companies that provide laboratory-testing services require business tracking by individual physicians who order tests. Therefore, MDM systems for these companies must support defining individual physicians as accounts while maintaining physician affiliations to group practices. Likewise, MDM in diagnostic imaging must enable users to view individual departments, such as radiology or cardiology, as customers within a hospital account.

### Phased Implementation

Commercial operations improvements in the medical products industry can be complex and expensive, and there are numerous examples of poor implementations that have led to significant costs with little or no return on investments. Almost all successful implementations focus on critical needs early on and allow for feedback and course-correction before implementing new systems or features. This phased approach also allows for the celebration of quick wins, which can be important to gain early excitement and support.

Successful CRM implementations plan for this phased development. They start by developing a broad list of business-driven features most important to their customers—such as sales force and management—while also considering the effort required to implement these features. Then, they create a CRM roadmap to define features to develop first, as well as those to be rolled-out in later phases. CRM implementations that follow this process

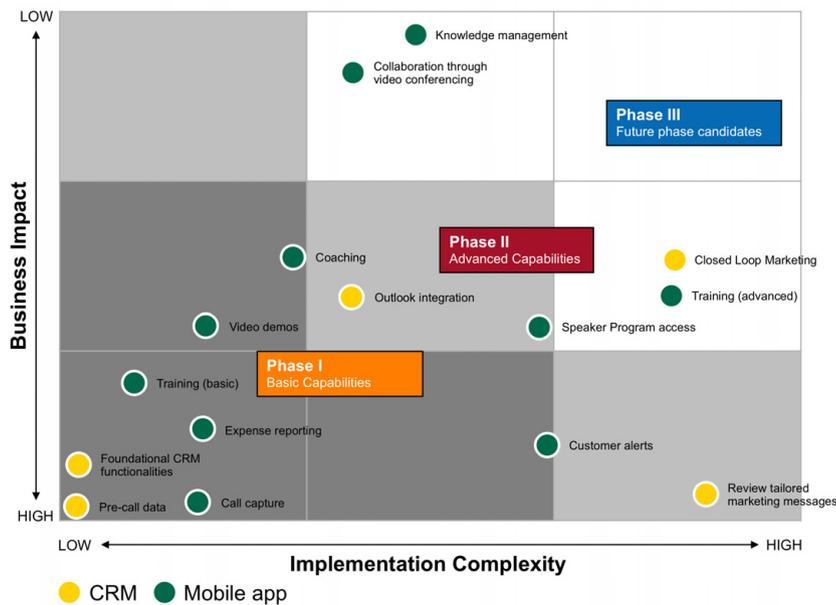


Figure 3: Phased implementation: Example of a high-level CRM roadmap.

are far more likely to be implemented on a timely basis, adopted by users and enjoy early positive financial return.

### Broad-based Sponsorship

Operations initiatives driven primarily from one department or high-level management are less likely to translate into changed behaviors in the field and elsewhere. Grass-roots initiatives can fall short with a lack of managerial or departmental support. Successful commercial operations initiatives need broad-based support from all levels of sales and marketing, and often should include input from other departments such as customer service and finance.

Senior management sponsorship is essential to get an initiative off the ground. Projects that do not garner high-level organizational support as early as possible may struggle to receive funding necessary to acquire data, systems, and tools. Leadership must also continually be engaged to challenge the state of the initiative and ensure it has the resources to evolve appropriately over time.

Sales rep buy-in is also essential to making a commercial operations program thrive. Sales reps, after all, may be the most effected by new tools and processes. They must internalize the strategy and vision of the initiative and understand how it will

ultimately improve sales results. A new CRM system, for example, will not succeed if the sales force merely goes through the motions of adoption but does not truly embrace the system or understand the value it brings to them.

First-line management buy-in is perhaps the most essential to making an operations-focused initiative prosper. Management often serves as a direct line of communication to field representatives. Managers need to be champions of the process and emphasize not only the vision, but also the tactical details of how to turn the initiative into results.

It is also critical to involve the marketing department, as well as additional departments, early in the design phase to ensure the planned initiatives will support their strategies. An understanding of key product and segmentation strategies can help shape the data collected and the design of support tools. For example, if marketing is planning to roll-out a field program aimed at under-penetrated accounts, it is critical to ensure that field tools help the rep understand market share.

### Operational Stewardship

New commercial operations capabilities should be treated and managed as a long-

term asset and not as a one-time expense. From the beginning, ongoing oversight and review, or operational stewardship, must be considered for the capability to survive and improve over time. At a minimum, this requires appropriate processes to support ongoing maintenance, feedback collection, and identification of needs for system expansions or modifications.

In addition, it is critical to clearly define the people and teams involved with ongoing operations and stewardship. A global medical products company built an effective MDM operation that emphasized governance as an ongoing process, not a one-time effort. The MDM initiative defined individual roles and responsibilities to manage data quality, covering all relevant stakeholder groups that included end users from sales, marketing, and commercial operations—not just administrators from IT. For ongoing success, the company also set up a centralized governance council to make system changes when required.

## Performance Metrics

The key to ensure the long-term success of a commercial operations initiative is performance metrics designed to broadly measure the effectiveness of the initiative. For example, a dashboard for a mobility device can be designed to measure the number of reports accessed, demonstration videos, or customer feedback comments documented. Such metrics can provide effective methods of measuring results and be used to help garner further senior leadership support for the initiative. Similar metrics and scorecards can

be designed to provide insightful feedback for field management and sales reps.

To the degree that these metrics can also help medical product sales reps and managers see benefits in terms of their own performance and compensation, there can be a strong positive impact on their buy-in and support of the initiative. It may even be appropriate to directly tie incentive compensation to metrics such as the growth of target segment accounts. Whether directly tied to compensation or as part of performance evaluation, appropriately designed metrics can be a powerful tool for gaining long-term traction for many operations initiatives.

## Economic Efficiencies

Most commercial operations initiatives require significant up-front investments. But securing funding in today's economic environment isn't simple, even with a clear long-term positive ROI.

To help reduce some of the costs and increase returns, many medical product companies are looking for ways to find economic efficiencies in their current processes. Larger companies particularly can find significant opportunities to reduce costs by centralizing some or all commercial operations functions. For some, it may mean creating shared service support for several divisions in areas such as CRM support or incentive compensation management. For other companies, there may be synergies to be gained by supporting multiple geographies from a single location or outsourcing some non-strategic areas, such as MDM or sales reporting. Whichever route they take, these approaches can help free funds need-

ed for upgraded operations capabilities.

## OPERATIONAL INVESTMENTS PAY DIVIDENDS

When it comes to making an investment in a commercial operations upgrade, the question for medical products companies is no longer "Should we do this?" but "How?" and "When?"

With today's complex selling strategies, operations improvement is no longer optional. A holistic, 360-degree view of customers—with insights into their organizations, priorities and behaviors—is critical for commercial success. Without upgrades in key areas of commercial operations, such as MDM, CRM, and mobility, this type of view is simply not possible.

Medical products companies that develop the right capabilities will keep their commercial operations thriving long after they have implemented a commercial operations upgrade — and will be rewarded with more favorable contracts, greater market share and commercial strategy ROI. As opposed to the critical comments mentioned at the opening of this article, commercial managers at companies that invest in commercial operations upgrades will celebrate their progress with their most important customers, experience greater financial returns, and, most importantly, say, "We're winning with our new commercial strategies."

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