Making Data Matter: How Medical Products Companies Can Drive New Sales Strategies With Master Data Management

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Medical products companies are facing many economic and regulatory challenges, and in response, are implementing new selling models and strategies such as value-based selling, team selling, key account management (KAM), multichannel marketing, customer relationship management (CRM) and pricing optimization. But they’re not always finding success.

If the impact of these new models on sales or profit growth is less than expected, sales management and training departments are often blamed. However, in our experience, there is often another, more fundamental source for failure or limited success: poor master data management (MDM).

This paper will show how MDM allows medical products companies to view their customers with greater insight, provides accurate measures of market potential, and supports better pricing and contract management for existing customers.
Introduction

“We talk a lot about selling to the C-suite, but rarely go there.”

“Monitoring contract compliance is extraordinarily challenging.”

“My key accounts team spends far too much time on IDNs and GPOs that don’t drive compliance.”

“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.

Medical products companies are facing many economic and regulatory challenges, and in response, are implementing new selling models and strategies such as value-based selling, team selling, key account management (KAM), multichannel marketing, customer relationship management (CRM) and pricing optimization. But they’re not always finding success.

If the impact of these new models on sales or profit growth is less than expected, sales management and training departments are often blamed. However, in our experience, there is often another, more fundamental source for failure or limited success: poor master data management (MDM).

Simply defined, master data management is the combination of systems and processes that link, manage and process key commercial data. MDM helps integrate disparate data sources to help fuel successful sales and marketing initiatives. MDM 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.

In the best cases, MDM provides competitive advantages, as it supports better customer interactions and commercial investment decision making. However, in the medical products industry, MDM may not reach its full potential due to issues in design and implementation.

MDM may not make for lively conversation, and saying “We need to improve our MDM” may not excite the sales force, upper management or investors. Yet MDM is a critical step in making commercial strategies more effective, and companies investing in MDM are generating top- and bottom-line improvements that will excite anyone.
In this paper, we will show how MDM allows medical products companies to view their customers with greater insight, provides accurate measures of market potential, delivers strong customer coordination across different commercial channels, and supports better pricing and contract management for existing customers. In addition, this paper will show the elements for a strong MDM framework.

Why MDM? Why now?

Perhaps the most important driver for improved MDM is the trend toward more centralized purchasing. Many hospital systems and institutions are centralizing their purchasing decisions to demand preferential pricing, better service or both.

To succeed in this environment, companies need to understand their customers more broadly, and often need to implement more types of sales and support roles. In the past, it may have been sufficient to have a sales rep build and maintain a strong relationship with the surgeon, who had significant influence on hospital purchasing decisions. Today, the surgeon is likely to be less influential; purchasing, value analysis committees, contracts for integrated delivery networks (IDNs) and CFOs are directly or indirectly influencing the decision to buy many medical products. More sales roles and sales strategies (e.g., value-based selling) are often required to succeed in this environment, but they also need richer and consistently up-to-date data to help them avoid miscommunication and provide additional value during each interaction.

Companies are also implementing new variations of KAM strategies to help support improved IDN contracting. Successful programs have strong coordination with other selling roles, and are focused on accounts that can influence contract compliance and profitable opportunities. This activity demands many types of customer, marketing and activity data to make it as effective as possible.

In conjunction with the strategies above, companies are investing in customer relationship management systems to provide additional support to the sales force as it implements new strategies. Effective CRM systems are perhaps the most dependent on MDM to make sure that all users have up-to-date and accurate data to support effective customer interactions.

But these strategies are only as good as the data that informs them. Pioneering medical products companies recognize that successful execution of these strategies requires real-time, enhanced customer insights, which in turn require strong MDM capability. Figure 1 highlights common types of data used for many current and next-generation sales and marketing strategies.
As sales and marketing executives work to implement sophisticated commercial strategies, they recognize the need for organizational change but often focus on areas such as training, incentive compensation or hiring. Many fail to recognize the value inherent in MDM to support this change. Others may have embarked on an MDM program as a one-time approach without realizing that they needed to make MDM an ongoing process in order to succeed.

For the industry, this is an under-used opportunity though it’s easy to see why medical products companies have not always embraced MDM.

Old sales strategies: No need for MDM, no means to build it

Although most medical products companies have invested in some part of MDM, few have fully embraced it. Historically, there has been little motivation for diligence in MDM operations. Market conditions were less competitive and buying processes much simpler. “Customer insight” was synonymous with physicians’ needs and preferences, not the demands of IDNs.

Poor data quality and a limited ability to interpret information have not helped either. For example, there is little industry standardization of hospital IDs, health network memberships change frequently and account level potential is often only directionally accurate. Previous efforts in MDM often relied too heavily on third-party data, were too slow to produce effective reports or promoted insights as being 100% accurate.

+ The new reality

The conditions that inhibited many medical products companies from embracing MDM no longer apply: Market conditions and the resulting changes in customer purchasing have made MDM critical; the quality of technology has improved; processes to improve the data quality have emerged; and companies have more powerful data integration processes than before.
Tools such as geocoding, account-matching software, and advanced sales force automation systems have transformed data integration and interpretation from art into science.

Because the technology and techniques have improved so dramatically, medical products companies can truly develop an accurate, in-depth understanding of their customers’ affiliations, needs, potential, purchasing patterns, contracts and other critical information to support next-generation commercial strategies. The need and ability to invest in MDM is present today, and companies that act now will be market winners.

**What it’s worth today**

Without strong MDM, there are many business-definition issues that lead to commercial confusion and sometimes paralysis. Outdated alignments, poor mapping between account definitions across disparate data sets, and outdated contract terms are some of the common issues that can arise.

Leveraging the improved MDM technologies and techniques described above, companies are beginning to resolve these data issues and implement effective sales and marketing strategies. Even when integrated data sets appear incomplete or inconsistent, a sophisticated MDM operation can help resolve these issues and turn data into customer insight.

Overall, investing in MDM has enormous upside: A holistic, 360-degree view of customers can provide better visibility into accounts, their organization, priorities and behaviors, which is only possible when data is complete, accurate and timely. To achieve this, or even to evolve toward it, demands companies solve the problems that plague master data management.

**Key drivers of effective MDM**

Several challenges can hamper full MDM implementation. The most common is the existence of multiple accounts representing the same provider facility, typically due to multiple ship-to or bill-to identifiers within the same database.

This complicates the definition of “account” or “customer.” Another frequent issue is inconsistent account identifiers across data sources such as sales potential, pipeline and sales force interactions without any cross-referencing across the databases. There are numerous other challenges (see Figure 2) as well.
Another issue is master data often includes legacy data from prior systems and acquisitions. Typically, such legacy data is incomplete or poorly integrated with other data sources. In addition, master data itself frequently evolves—for example, a company’s customer base changes as it adds new customers, when SKUs are discontinued or new ones are launched.

As outlined in Figure 3, there are three key drivers of effective MDM implementation:

- **Business-Driven Design**
  - Clearly define your customers
  - Design for the business, not IT

- **Diligent System and Process Development**
  - Integrate data across all sales and marketing business processes
  - Balance automation versus transparency
  - Handle legacy data with care

- **Operational Stewardship**
  - Treat data as an asset, with ongoing quality assurance

*Figure 2. Common MDM challenges for different customer levels*

*Figure 3. Key MDM success drivers*
**Business-driven design**

Relevant business intelligence, which depends upon MDM, ultimately informs commercial decisions. This makes it essential that an MDM program is a business exercise, not an IT undertaking. IT-driven designs tend to leverage existing technology platforms and systems, which can conflict with business imperatives at hand.

For instance, a large medical device company with multiple business units was implementing cross-selling strategies to help different business units across the company sell to a single customer. The company’s legacy systems fit each of the units but required convoluted processes to create common customer profiles across the company. When the company developed a full MDM program, it focused on business needs, not IT. As a result, the program could facilitate the collection, maintenance and retrieval of information at a central source common to all business units.

In addition, 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 need to 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.

**Diligent system and process development**

MDM is the core of a customer-centric sales operation. That means MDM should be tied explicitly to sales force automation systems, in which all company databases and systems that provide any customer information should be linked to one another. For example, a leading surgical products company with an effective MDM implementation developed an automated process to clean and standardize data for all sources, including sales, surgical market volumes (potential), case coverage support by the field, professional education and marketing programs.

In contrast, take the case of a different medical device company that had bought and assembled technology in haste as its MDM tried to keep up with the frantic pace of the company’s acquisitions. The company’s many systems had their own methods of processing information, without any integrated, repeatable processes, which significantly limited the company’s MDM efforts.
Successful MDM also requires the right balance of automation and transparency. Technology must be able to capture business knowledge that does not necessarily reside in the system, such as information from data stewards entered manually. The goal should be a suitable balance between repeatable tasks that can be automated and manual review and assessment, which are transparent in the MDM program.

Also, as noted above, companies must address legacy data in older systems differently than how they handle data for new customer profiles. Legacy data can be flawed and suffer quality issues such as inconsistency in fields, level of detail and rules. If legacy data is used to seed an MDM system without first being analyzed and cleaned, it can seriously undermine MDM efforts from the outset.

+ **Operational stewardship**

Treating data like an asset means focusing on data quality long after the company has set up initial MDM systems. At a minimum, this requires appropriate processes to handle system expansion, quality assurance for data from all sources connected to MDM and protocols for managing data issues or questions.

In addition, the capability should also clearly define the people and teams involved with ongoing MDM operations. 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, including end users from sales, marketing and commercial operations, not just administrators from IT. To help ensure ongoing success, the company also set up a centralized governance council to make system changes when required.

**Conclusion**

When it comes to MDM, the question for medical products companies is no longer “Should we do this?” but “How?”

With today’s complex selling strategies, it is clear that MDM 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 MDM, this type of view is simply not possible.

Medical products companies that develop the right MDM capabilities will keep their commercial operations thriving far after they have implemented MDM—and will be rewarded with more favorable contracts, greater market share and ROI for commercial strategy. As opposed to the negative comments mentioned at the start of this article, these companies will be saying they’re making progress with their most important customers, that their financial returns are better than ever and, most important, “We’re winning with our next-generation commercial strategies.”
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