

Physician Sales and Service Growing as Strategic Component, Competitive Maneuver

An Executive Summary of Corporate Health Group's 2008 "Sales and Service Efforts Directed to Physicians" Survey

Changes in the health care landscape, an evolving focus on physician sales programs, shifts in consumer-directed healthcare and growing outpatient volumes mean challenging times for hospitals, health systems and physician practices. These continuing changes are clearly reflected in Corporate Health Group's (CHG) recently completed national survey, "Sales and Service Efforts Directed to Physicians." The 2008 survey, an update of a similar study in 2005, generated results that frame the current environment for physician sales and identify potential best practices for the industry.

CHG worked with many associations, journals and health care marketing organizations to ensure a broad distribution of the online survey which was completed by 377 physician sales stakeholders from hospitals, health systems and large practices in 43 states, more than doubling the 2005 response. The respondent mix remained similar with 82% representing not for profit hospitals or health systems and the majority still reporting positive operating margins. New categories that were tracked reflected that 31% of respondents were hospital affiliated, 28% were outpatient affiliated and 15% were non-hospital affiliated. The resulting increase in the diversity of participating organizations has provided confirmation of the best practices while also identifying new models and trends for consideration.

CHG believes these comprehensive survey results serve as a valuable assessment and planning tool for the healthcare leader as they position the physician sales and service function for an even more focused and strategic role in the future. This executive summary is provided complements of CHG, while a full white paper providing detailed management and benchmarking data, key implications, best practices and future trends is available for purchase online. [<Click here for more information or to purchase>](#)

2008 Key Findings Reflect Maturity, Greater Integration

Today, the physician sales function is seen as both a strategic component and a competitive maneuver to help build new referral relationships while strengthening existing ones. Physician retention, growth, satisfaction, engagement and loyalty are taking center stage in organizations with successful physician sales and service strategies. The CHG study provides valuable insight into physician sales and service relative to budget, staffing, experience, compensation, focus and return on investment (ROI) measures and how those findings relate to best practices and future trends in the field.

The physician sales and service function has become stable within healthcare, as evidenced by the fact that more than one-half of respondents indicated their programs have been in place for five or more years. The study found that more mature programs provide greater value in terms of meeting long-term referral volume goals, the result of a significant shift in strategic focus and measurable outcomes. Mature programs tend to

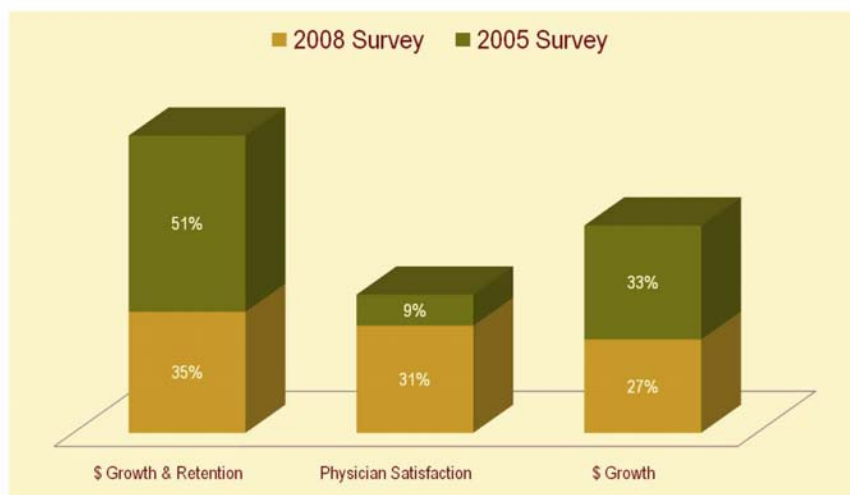
have lower budgets than start-up departments although they may see budget increases as the result of information system enhancements and human resources expenses.

Although physician sales and service has shifted into a mainstream initiative, it continues to function with limited dedicated human resources. In 2008, there was a 20% increase in the number of organizations with four or more full-time equivalents (FTEs), although the majority of programs (40% in both the 2005 and 2008 surveys) reported having one FTE. Compared to other hospital departments, physician sales and services staff levels remain small considering their positive impact on key strategic goals.

While compensation continues to vary among respondent hospitals and health organizations, 2008 data indicates a shift to higher base salaries with a decrease in provision of incentive pay. Among those offering incentive pay (36%), 71% based it on increasing volume, 54% on securing new customers and 49% on increasing service line volume.

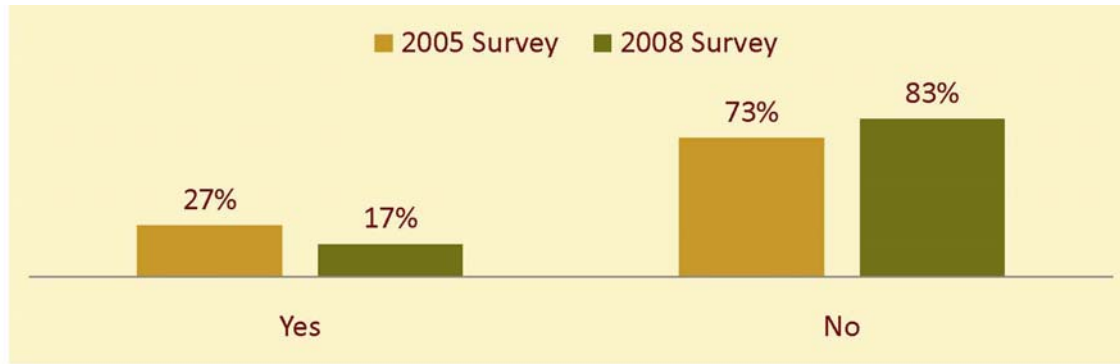
Program focus has shifted since 2005, when 51% of programs focused on a combination of growth and retention as their most important strategic focus, followed by physician satisfaction then growth. In 2008, there was more balance across respondents although combined growth and retention continued to be most important.

What is the number one strategic focus/desired outcome of your sales efforts?



Demonstrating ROI continues to be challenging with many programs indicating an inability to have optimum ROI measures in place, especially with a new program. In 2008, the number of respondents indicating they *did not* have a formula or procedure for reporting sales ROI to leadership grew to 83%, while 17% indicated they *did* have a procedure.

Do you have a set formula or procedure for reporting return on investment (ROI)?



Defining Best Practices

Based on the 2008 survey results, CHG found that organizations with physician sales and service best practices have established a formal physician sales and service model as a strategic imperative. In this model, they:

- Track, measure, report and demonstrate results on a regular basis using an agreed upon ROI formula that reinforces the agreed upon goals of the sales program and staff, aligns leadership strategy with staff's tactical objectives and ensures support to track and report on results.
- Recruit the right staff, focus on desired results and provide training initiatives that move the organization's margin and significantly impact growth.
- Demonstrate that growth and retention are strategic imperatives and see positive movement in their physician satisfaction scores, in physician engagement and in business growth from currently loyal physicians.
- Allow the sales team to remain focused on growth initiatives and ensure that the right operational people are working with loyal physicians on their needs, concerns and ideas that result in organizational success.
- Reflect organizational goals through their staffing model, staff skills and competencies and targeted physicians.
- Place significant emphasis on customized, focused training to deliver results in both growth and physician retention.

CONTRIBUTING TO SUCCESS

In the 2008 CHG survey, the top three requirements for a successful physician sales and service program were:

- Leadership commitment (72%)
- Issue resolution (71%)
- Coordination with operations (65%)

Looking Ahead

The 2008 CHG survey indicates great strides have been made in the acceptance of physician relations sales and service not only as a business and referral development tool but also as a differentiator in customer service and retention. In a highly cluttered physician market, consistent and dedicated relationship management is required to ensure success. Regardless of the function's title – sales, physician relations, outreach, referral development – healthcare organizations are getting more comfortable with physician sales and service as an integral part of their business strategy.

While Corporate Health Group doesn't claim to be a futurist, through this study we identified several trends that bear consideration in moving existing programs to the next level or building new programs in the future.

- Because the physician relationship continues to be critical to the hospital's success for both inpatient and outpatient programs, it will be important to ensure a seamless approach to physician strategy.
- As an era of physicians who only refer to one organization retire and are replaced by younger non-loyalist physicians and extenders, plans to retain existing referral sources and build new ones must be built into every strategic plan.
- Hospitals and health systems will create physician and employee engagement metrics that tie directly to increased patient satisfaction and lifetime patient value, improved patient quality and enhanced contributions to financial results.
- The sales and service program's operational focus must be clearly defined and buy-in on that focus must be obtained at all levels of the organization. It will be critical to organize staff, deliverables and processes to reflect the commitment to responding to and addressing issues and concerns from the physician as a customer.
- Mature programs will need to assess their current strategy, organizational structure and ability to demonstrate ROI to ensure they remain strategically viable for their organization.
- Stronger competition in the health care arena will continue to bring an increase in staff turnover nationally as competitors seek out trained talent to gain or shift market share. It will be important to position staff with the right title, reporting relationship and compensation package.

The complete findings of this study are invaluable as you review your current strategy, approach and program model and develop or enhance your physician sales program. To purchase the full CHG white paper, "Physician Sales and Service Grows as a Strategic Component, Competitive Maneuver," visit www.corporatehealthgroup.com.

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