



Is Your Lab Rep Engineering a Commodity Train?

By Peter T. Francis
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Commoditization is a phenomenon clinical and pathology labs strive to avoid—but field reps frequently find it a challenging task. When looking into this, one needs to investigate two primary factors: *who* and *what* promulgate this commodity situation?

Let's first consider a lab's *raison d'être*, it (1) provides specimen logistics, (2) performs the requested tests, (3) returns the results and (4) bills for services. From a 40,000-foot level, that's basically what healthcare providers want from a lab in order to screen, diagnose or monitor their patients.

However, labs have subtle (and not so subtle) differences from each other. This means those in the marketing role need to uncover their lab's finer details (developing into a substantial, ongoing assignment).

Competitive intelligence sits on the coin's flip side and equates to the *sine qua non* in sales. Investigating competitors emanates from assorted sources: a rep's own observation, an employee/friend/relative who previously worked at a competitor, a phone call to the competitor, the web site, a client's comment/testimony and management's historical competitive insight. Patient on-line reviews can provide first-person experiences (frequently adverse in nature). This stands as fact: a rep's effectiveness drops substantially if he/she knows well only one half of the selling equation.

The bottom line is, because people make decisions based on differences, understanding the differentiating points play an obvious role in the sales process. Commoditization begins to vaporize when a marketing person skillfully leads to these disparities through the use of questions.

Who Creates Commoditization?

When I first began selling lab services many years ago, my boss off-handedly reminded me (from a business standpoint), “the world is not vanilla.” Labs establish their own internal standard operating procedures, and they offer diverse methodologies, in-house tests versus send-outs (i.e., turnaround time), billing policies (including insurance contracts), courier logistics, report formats (including algorithms), client/patient educational material, account field rep visitation schedules, in-house professional staff, blood-drawing locations and patient wait times, client service responsiveness, lab location, e-connectivity options, specimen collection supplies, and so forth. Contrast this with the position many healthcare providers and their staff subconsciously hold: full-service testing and pathology labs essentially provide the same services. Additionally, clients predictably allege basic satisfaction with their incumbent lab. As a corollary, customers avoid spending time with competing lab marketers. If given the opportunity to listen to a well-trained field rep, however, people can make an educated decision regarding a competing lab’s distinctiveness.

Here sits a critical point: should a field person (a) maintain a me-too attitude of their lab, (b) doesn’t have a solid understanding of their lab’s operations, (c) doesn’t know the competition well and (d) hasn’t wisely crafted a professional sales approach, commoditization will continue to thrive in the marketplace. Thus, within the *who* category of promoting commoditization, we can consider both the client and the field rep.

To this point, I’d like to relate a personal story.

A Bucket of Cold Water

Within the first couple of months of starting my job as a lab rep many years ago, I was excited, yet nervous, to secure a one-on-one meeting with a physician. The scene will forever reside in my memory: it was lunchtime, and he was at his desk finishing a sandwich. I presented my business card and introduced myself and my company. As he swallowed his last bite, and before I could say anything else, he lowered his head, rested his elbow on the desk and showed me the palm of his hand, as if to say, “stop—don’t say a word.” Then he looked at me and began:

“Before you start your pitch, let me be clear about my view of the lab I use: They pick up my specimens and return the results every day without a hitch, and I have no problems with result quality. The turnaround time meets my expectations. They give me specimen collection supplies. The lab calls when there’s an issue. They handle the billing. My patients go to a convenient center for blood draws. There’s nothing else I need—and, as a result, I’m not looking to make any lab changes. Having said this, I agreed to see you, because I’m curious if you could tell me what makes your lab so different over what I already have in place that would encourage me to give you strong consideration.”

At that inchoate point in my career, he might as well have poured a bucket of cold water on my face! I hadn't spoken to a prospect that *started* the dialogue so honestly and directly. I don't remember my exact reply, but I think I fumbled through something about offering similar services, and I ended by saying, "*Thank you for your time. If you become dissatisfied with any aspect of your lab, we'll be here for you.*" I subsequently left feeling discouraged. For someone being paid to enhance my employer's reputation and activate new business, color me a failure. One could say, though, I was good at one thing—a good engineer of that dreadful commodity train!

There might be some readers who sympathize with me—and wonder how they would have responded to that situation. There may be others, however, who might have replied in the following fashion (for which you receive top honors):

"I'm very glad you asked, and I'll be happy to tell you how we are different over-and-above the general requirements you just mentioned. But, before I present my story, let me ask you a few questions to better understand some of the more detailed needs you may have."

This retort travels down a totally different track—*away* from commoditization. Should the roles had been reversed, and a rep answered me in this manner, I would have given him/her my full attention, curious and ready to engage in a conversation.

Thought-Provoking Exercise

Marketers would do well if they practiced in a safe setting an analogous circumstance. To truly get the customer engrossed, it would be even more interesting to *invert* my experience and seize the initiative. Asking an office manager/provider if he/she is content with their lab, the common response is, "*Yes, we're happy with ABC Lab.*" Following that, your conversation might go something akin to this:

I'm glad to hear you're pleased with your lab's services. We have many satisfied customers, too. I imagine you're thinking: We get reliable pickups. The lab has convenient service centers. The turnaround time is good. We have a bi-directional interface, and we have a rep that stops in to check on service levels. As a result, you're probably asking yourself, what could this lab possibly offer that's any different.

Am I right in my assumption?

With this kind of table-setting, there stands a *very* good chance he/she thinks (as you methodically mention each point), "yes... yes... yes... yes...yes... and... yes." Doing this exposes three significant psychological points: (1) it creates a positive mood, (2) it confirms your thoughts are in sync with the client's and (3) he/she *loves* hearing the jackpot question: how could your lab be any different? You have increased curiosity—and, as a sales-tip reminder, raising customer curiosity is a *very* good thing!

You are taking the lead, commandeering the train in the *opposite* direction of commoditization. It is at this point in the discussion (crafted from prior internal discussion and role-playing) where the marketer needs a solid skill-set to bring extraordinary value to the customer. One simply shouldn't say, "*What makes us different is that our lab does XYZ. And we also offer ABC. And, we have LMNOP. And, just so you know, we also provide STU and GHI.....*" Instead of governing the conversation by spewing out your lab's disparities, ask questions that lead to your differences. This methodology steers into a natural dialogue, and it can reveal very important customer information and sentiment. Not only that, it starts to *reframe* what the client might want to consider in a lab beyond a simple transactional business interaction.

What Drives Commoditization

In the case of client-billing scenarios, labs must deal with competitive pricing. These types of customers frequently devalue any differentiation a competing lab provides. They strive to reduce their buying decision to the lowest common denominator—price. What stands as tragic is that it develops into the sales rep's strategy of, "*We can give you the same high quality for X percent less.*" This exposes the most pathetic sales pitch employed by uneducated sales amateurs. If you win by price, you can quickly lose by price. If the salesperson doesn't—or can't—facilitate enough insight and customer discovery within the selling process, the client will always be on the lookout for cheaper alternatives. As a result, low-ball pricing can lead to commoditization.

Summary

All labs establish straightforward requirements when offering their testing services, but each has its own distinguishing features and company culture. Unfortunately, some lab reps *and* clients stimulate the laboratory commoditization trend due, quite simply, to ignorance.

There exists a sales phrase, "differentiate or die." This requires a marketer to know inside-and-out the competitor's strengths and weaknesses and to assess those against his/her own lab's operations. The lever of this exercise should always be in the "on" position, because it is inevitable that additional points will surface after conceiving an initial list.

Once management and sales agree on a credible and robust sales narrative, role-playing stands as a good approach to inculcate the learning. One example is to have the representative first mention a competitor's basic services—and then devise questions that back-track *into* distinguishing features and benefits. Make no mistake: this is not a five-minute, fly-by-the-seat-of-your-pants exercise. It takes time, internal discussions and competitive know-how. It forms a good strategy to effectively direct a prospect away from the typical impression that labs are largely the same. I should know. I once learned a valuable lesson from a doctor: avoid taking the role of an engineer on a commodity train.

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