

Managing Referral Partnerships Within the Healthcare Continuum

The missing piece for many opportunity pipeline management systems

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Jeanine Aspen is the co-founder and President of DEI Central. She is passionate about working with sales teams across the country to implement effective sales operations that improve and simplify the way salespeople and sales manager's work. In 2005 after a career in medical sales and pharmaceuticals Jeanine opened DEI Central, the healthcare division of DEI that specializes in implementing and improving sales operations for providers within the health care continuum. Starting with senior housing DEI Central has expanded to home care, home health care, medical sales and managed long term care providers. DEI Central is a licensed office of DEI International, a pioneer in sales process with over 10,000 companies and 500,000 salespeople trained worldwide.

DEI Central has quickly established itself as an industry leader in applying an operational approach to the task of growing census and enrollment for its clients. DEI provides management training and tools that make effective sales operations an effective strategy in winning market share in these competitive healthcare market segments.

In the healthcare and senior housing markets, DEI recognizes the need to be effective with every facet of sales opportunity in the search for new resident/clients. We see the opportunity for new clients present itself in varying ways for each provider. Potential residents for senior housing providers may be calling, walking in or inquiring via the Internet to find answers their questions. A very powerful generator of opportunity is to develop a referral source network which can be relied upon to consistently generate new opportunity for the preferred provider. This particular commentary focuses specifically on 'selling to community referral sources' such as physicians and community influencers.

How we learned about referral source selling systems.

In 2006 we started working with assisted living and skilled nursing providers to improve their census. Quickly, it became obvious that while working with prospects and selling effectively to their needs was important, most providers needed more leads before effective sales processes and training would demonstrate any benefit towards improving closing ratios.

And the need was everywhere. We found that not only did senior housing providers need more control over their lead generating capacity, but so did medical distributors, home health care organizations, managed care organizations, the list goes on. What all these providers had in common was that they were all looking for systems and training to manage opportunity and generate leads **pre-pipeline!**

Our findings also demonstrate that these healthcare industries have gotten more sophisticated, more responsive to understanding the value of and become more heavily reliant on the referral source network. On a competitive basis the referral network can become the life's blood for the flow of customers, residents or patients.

We most often see that understanding the value of a referral source network and doing something about it are two dramatically different things. And at yet another level of sophistication, doing something about it (as in identifying, calling upon, and representing a value proposition) is very often way too little to change the trajectory of the referral sources' preferences as they happily continue sending their clients onto their old reliable network..... not doing anything different. As with most satisfying outcomes, the devil is in the details.

Influencing referral sources to change the way they do business is about *understanding them and why they do things the way they do them now. Once providers can offer their services in the context of importance to potential referral source's specific interest can they start to change referral patterns. Providers must answer the question as to 'HOW' each referral source could/would have a better outcome for their clients or for themselves if they refer to the provider. Only then will providers begin to improve referral source contributions for business development benefit.*

The problem of sales pipelines

Now, here's the rub. Most organizations are not executing at a highly efficient level when it comes to understanding how their referral source network is being managed. Most organizations are not doing well with organizing and measuring visibility into the activities that can influence their most predominant and influential referral sources. CRM applications may provide some sketchy reporting but there is often very little in the way of understanding if growth or improvement in the referral network is happening. The system may as well be aggregating cookie drops (tongue –in-cheek) as the measure of referral source penetration.

Winning the pre-pipeline opportunity with a referral source sales process

What many providers are learning is that pivoting to an outreach sales strategy has proved tremendously effective as a reliable means of generating referrals. The strategy leverages the trust that patients place with current care givers. As a matter of fact the health care system has

come to depend on intertwined networks of healthcare providers to manage and refer clients from one type of service to another. Consumers of these services are often grateful for referral recommendations since it helps them make decisions that are new for them. Any trusted provider is in a good position to help the client make decisions as the consumer tries to navigate the provider maze. But that doesn't mean that these providers are always willing to step up and be ready referral partners. They must trust that their recommendations basically meet two criteria when they consider a referral to any potential partner:

1. Do I know enough about this provider that I am confident that making a recommendation to them is in the best interest of my client?
2. And does this recommendation in some way fit my interests? Does it somehow support my mission or business and make me more effective in my role?

We see that providers who are open to implementing and managing an effective partner referral process are enjoying a significant strategic advantage when they consistently are able to outpace their competitors by growing market share.

Getting Past the Painful Start When Implementing Pre-Pipeline Sales Strategy

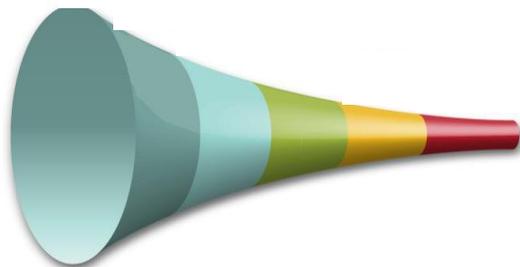
Here are some typical challenges in managing an effective referral sources sales process.

1. The representative typically has a base of referral sources and is reluctant to expand into new referral source relationships.
2. There tends to be a misunderstanding about what creates the foundation of a referral relationship. What the representative needs to understand is that the bedrock of a referral source relationship is discovering how acting as a referral source will help the referral partner do their job, NOT getting them to help you do yours. The representative must find ways to be relevant to any potential referral partner.
3. The best indicator of success for any outreach effort is to monitor how the representative spends their time. Representatives typically spend 20% of their time in selling activity (setting up and conducting meaningful sales conversations) and 80% of their time in non-selling activities such as planning events, developing collateral and managing advertising, helping when the community is short staffed. Interestingly the #1 'other' activity is: hanging out with the current residents. Clearly, this 80/20 rule needs to be reversed.
4. Getting the outreach representatives actually engaged in selling activity within a true sale process. This is often misunderstood since the outcome is not a transaction but

rather the generation of new leads or referrals. The outreach sales process should be thought of as complimentary to the marketing efforts designed to get the phone to ring.

5. THE BIGGEST CHALLENGE may well be the reality of selling itself and the false expectations that many representative have when working this valuable base of potential referral sources. National research shows that only about 2% of referrals are made on the first meeting; 3% will refer on the 2nd contact; 5% will refer on the 3rd contact and, 10 % will refer on the 4th contact. The important statistic shows that 80% of these referral partners won't start to refer until they have had 5-12 contacts with the representative.

Every salesperson has a way of working that is unique to his or her own understanding of how to develop these referral relationships. And like any other salesperson each will produce a distinct pipeline pattern. Such a pattern will either contribute or work against improving lead generation via referral source partners. However, the patterns are elusive unless you have the processes in place to spot them. The manager will need to examine how the referral source representative has chosen to distribute opportunities across the sales cycle in order to spot these patterns.



The pre-sales sales funnel:

A visual pipeline of potential referral sources moving towards referral relationships

The pre-sales sales funnel is a visual representation of the referral source sales process. For senior housing providers this outreach phase is focused on generating more opportunity via referrals. Subsequently an internal sales process focuses on working with the referrals to close more business. Whereas other providers such a home health care have really only the referral source phase in their sales process. The transaction phase involved in bringing a client under care is an operational function.

In either case it is critical to make the pre-sales funnel actionable, so that the manager can begin to spot important sales patterns. That is done by setting up a visual map of the process to show how individual opportunities are constructing the pipeline.

Defining Selling Stages

Everyone is familiar with selling stages as they relate to prospect opportunities. But as we reference referral sources, the concept of 'selling' is foreign. Is the 'relationship manager' actually 'selling'?

The answer is 'yes'. Selling is fundamentally the act of managing communication between two parties – provider and client – the objective is to 'figure out' if they will work together. Distilled to its essence selling is always about a relationships, some are very simple, quick and transactionally- based while others involve more complex interactions. A referral relationship will be established only if the provider can make the referral function relevant to the mission or business of the referral partner.

While these stages will look different for this referral partner sales process, we need to be able to define progress with 'stages' of progress and volume. And these sales stages are most intuitive to a salesperson when they are clearly presented in a left to right visual pattern. Adding visual perspective tell you where the prospect is in the referral cycle.

The Active Pre Pipeline Stages for Referral Partner Sales

The pipeline stages will vary from business to business, provider to provider both in definition and numbers. But some general stages may include.



Target Opportunities

These are the target referral source partners. They are often a list that we intend to actively target, but as yet, this referral source has not engaged. OR, they are referral partners who are

currently working with the provider on a limited basis and are being targeted for cross selling to 'penetration' will additional products or services.



First Appointments

The prospective referral partner agrees to a meeting or conversation with the selling agent. This first meeting should have a date-and-time specific criteria to avoid those "meetings" that are really the seller's commitment to 'give them a call'. The goal of the meeting is to start discovery and qualify the opportunity.



Discovery

Both parties, sales and referral source prospect, have decided it is now worth investing more time for full discovery. The content of this phase of the developing relationship is to learn about the prospect and understand how the two parties 'fit', and if it is mutually beneficial to work together in a 'provider – referral source' relationship. This is typically the longest part of the sales cycle. The agreement to a referral relationship is won or lost here. To be meaningful, the candidates at this stage should also be committed with the date-and-time specific criteria behind these meetings.



Decision

They have verbally agreed to a referral relationship.



Giving referrals

The referral sources are giving referrals to the provider. The sales job is all but done except the referrals actually have to 'close'.



Closed

Any opportunity is not 'closed' until the **referral** is actually taken under care or becomes a client/resident. At this point the referral source is looking at how the referral is being managed and it should be the business of the sales person to give status updates and communication back to the source of the leads. "Closing" in the context of a referral partner relationship is really the beginning of the relationship and must be managed as such. The salesperson continues to work the relationship and if successful this referral source will stay on the report as an active referral source month after month.

The Falldown Pipeline

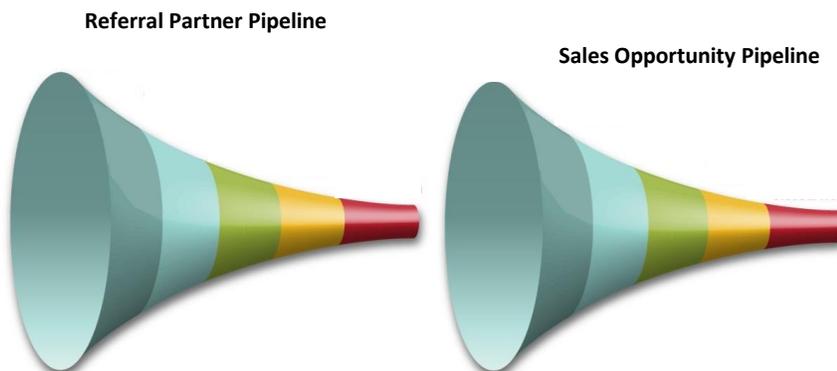
Most pipelines and CRM tools display open opportunities. For referral partners these open opportunities are not healthy and they shouldn't be in the forecast. One way to judge opportunities as 'unlikely' or 'unhealthy' is whether or not there are real, as in scheduled, meetings between seller and referral sources.

It is essential to give gray-area (stalled) opportunities a name and a home, or forecasts become meaningless; hence the term, 'falldown'. Falldowns act like a cleansing agent that scrubs the pipeline and produce much more accurate picture of forecasts.

Typically we format these stalled opportunities underneath the active pipeline. Falldown opportunities represent:

- Stalled relationships where the selling cannot make progress
- Deals that are outside any reasonable sales cycle, but rep maintains contact with this potential opportunity.

The Pre-Opportunity Pipeline Still Formats as a 'Pipeline'



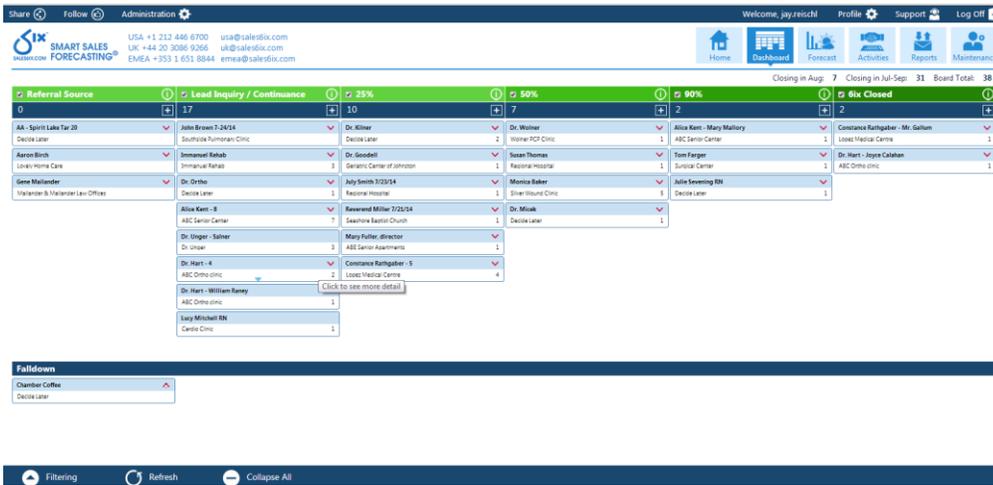
The Ideal Pipeline for the Referral Source Partnerships

Note: For this topic, the pipeline visualization below is built specifically to measure and forecast 'Referral Source Relationship' sales success. These patterns can also be formatted for direct sales measurement of 'selling to clients/residents and their families'..... as in how opportunities are closing by virtue of direct sales conversations.

In typical cases, the visual below is an example of an ideal pipeline. The pattern is common where the referral source relationship managers:

- Operate consistently to bring in new targets and manage consistent relationship-building, essentially 'selling' activities
- Clean out their pipeline regularly and replace dead opportunities with fresh partnership leads.
- Actively manage each potential referral source to maintain movement through the pipeline.

The ideal pipeline pattern takes into account the fact that you lose opportunities as you move from state to stage across the pipeline.



Visualizing your referral source pipeline in a more graphical stacked assemblage helps to quickly ascertain the health or status of opportunities developing from referral source pipeline. The above image shows opportunities stacked in stages with defined criteria in order to demonstrate how many referral source opportunities exist in each phase.

The most important criteria that powers the image is the concept of Next Step – Date and Time (NSDT) agreed-upon meetings. So, every opportunity (above the fall down line) must have a NSDT meeting in order to be represented. Then it's simply a matter of representing each column as an

incremental improvement in the relationshipfrom first meeting, discovery, agreement, and closing referrals into patients, clients or residents.

This pattern produces predictable growth in the numbers of new referral sources, and therefore the consequential growth in revenue because:

- There are no gaps in the partner-generation cycle so long as the sales person maintains a reasonably steady close rate with new referral relationships. If they meet qualification criteria they will produce predictable sales revenue.
- The salesperson is optimizing the following formula: numbers of opportunities for new referral relationships X the average value of a new partnership X the length of time for these relationships to stick.
- Falldowns are used over time, to fill in imminent pipeline gaps. Over time falldown opportunities become one of the best lead reserves the sales person can call on. Essentially the sales person has learned to turn what most people call 'lost' opportunities into new business.

The Roller-Coaster Pipeline

It's common to see relationship managers(salespeople) suffer from roller-coaster syndrome. They have a good month or quarter followed by a downturn in performance. You can point to multiple causes. It may be the result of the relationship managers:

- Running out of target opportunities for new referral relationships.
- Getting pulled from their role to do other tasks because the pressure for new relationships has dropped.
- Taking a 'success vacation'.
OR
- The number of new leads for sales has burdened sales operations and they want to 'catch up'.

Referral Source	Lead Inquiry / Continuance	25%	50%	90%	6x Closed
0	0	4	12	14	8
AA - Spirit Lake Tar 20 Decide Later Aaron Birch Lovely Home Care Gene Mallander Mallander & Mallander Law Offices	John Brown 7/24/14 Southside Pulmonary Clinic	Dr. Kliner Decide Later Dr. Goodell Geriatric Center of Johnston July Smith 7/23/14 Regional Hospital	Alice Kent - 8 ABC Senior Center Immanuel Rehab Immanuel Rehab Dr. Ortho Decide Later Mary Fuller, director ABB Senior Apartments Reverend Miller 7/23/14 Seashore Baptist Church	Alice Kent - Mary Malbury ABC Senior Center Dr. Wolner Wolner PCP Clinic Dr. Hart - 4 ABC Ortho clinic Dr. Unger - Salner Dr. Unger Constance Rathgeber - 5 Lopez Medical Centre Susan Thomas Regional Hospital Tom Farger Surgical Center Next app: N/A Close date: 08/10/2014 Owner: spm@salesfix.com Last note: N/A	Constance Rathgeber - Mr. Gullum Lopez Medical Centre Dr. Hart - Joyce Calahan ABC Ortho clinic Dr. Hart - William Roney ABC Ortho clinic Julie Seering RN Decide Later Monica Baker Silver Wound Clinic

This roller-coaster pattern holds back the performance of many of the most capable relationship managers. What promises to be a great start to any sales effort can deteriorate into lackluster performance and is simply the reflection of inconsistent routines .

Changing this pattern to produce more predictable revenue:

- The relationship manager will need to change their daily routine and allocate more time to prospecting new targets and drop non-selling activity.
- The manager may need to introduce more targets for referral partner relationships.
- Learn to anticipate the pattern I advance by always keeping an eye on the next selling period. When you learn to look ahead, selling success becomes more consistent and predictable.

The U-Shaped Pipeline

The U-shaped pattern will be familiar to sales operations where the relationship managers:

- Have to develop some sort of proposal for the potential referral partnership to move forward
- The sales person has a poor closing ratio and may be inexperienced in moving relationships forward

Referral Source	Lead Inquiry / Continuance	25%	50%	90%	6ix Closed
0	0	7	26	1	3
<ul style="list-style-type: none"> AA - Spirit Lake Tar 20 Decide Later Aaron Birch Lovely Home Care Gene Malander 	<ul style="list-style-type: none"> John Brown 7-24/14 Southside Pulmonary Clinic July Smith 7/23/14 Regional Hospital 	<ul style="list-style-type: none"> Dr. Kitter Decide Later Dr. Goodall Geriatric Center of Johnston Reverend Miller 7/21/14 Seashore Baptist Church Tom Farger Surgeal Center Susan Thomas Regional Hospital Mary Fuller, director ABC Senior Apartments Dr. Ortho Decide Later 	<ul style="list-style-type: none"> Alice Kent - B ABC Senior Center Constance Rathgeber - 5 Lopez Medical Centre Dr. Unger - Salsar Dr. Unger Lary Mitchell RN Cardio Clinic Monica Baker Shear Wound Clinic Immanuel Rehab Immanuel Rehab Dr. Hart - A ABC Ortho clinic Dr. Weller Worner PCP Clinic 	<ul style="list-style-type: none"> Alice Kent - Mary Malroy ABC Senior Center 	<ul style="list-style-type: none"> Constance Rathgeber - Mr. Gallum Lopez Medical Centre Dr. Hart - Joyce Calahan ABC Ortho clinic Dr. Hart - William Raney ABC Ortho clinic

This U-shaped pipeline pattern is frustrating because it promises much, but delivers little. Usually this pipeline requires a thorough cleansing because a lot of the opportunities are really fall downs.

Changing this pattern to produce more predictable revenue:

- The number of pipeline stages may be too great. Make certain the salespeople understand each of the clearly defined stages.
- Many of the opportunities in the U-shaped pipeline are really Falldowns. Move stalled opportunities to the Falldown pipeline.
- Improve early opportunity qualification skills to decrease the number of future deals from stalling in the middle of the pipeline.

The Stalled Pipeline

When you see most opportunities in the early stages of the pipeline, it could mean that salesperson:

- Is struggling to move (enough) deals forward.
- Is a new member of the team and it's a pattern you want to see initially.

Referral Source	Lead Inquiry / Continuance	25%	50%	90%	Closed
Ad - Spirit Lake Ter 28 Decide Later	John Brown 7/24/14 Southside Fumeroles Clinic	Dr. Kliner Decide Later	Dr. Wheeler Wheeler PC Clinic	Alice Keen - Mary Mallory ABC Senior Center	Constance Rathgeber - Mr. Seltum Lopez Medical Centre
Aaron Bish Lowe's Home Care	Immanuel Rahab Immanuel Rahab	Dr. Goodell Genesis Center of Johnson			Dr. Hart - Joyce Calahan ABC Ortho clinic
Gene Mullander Hepburn & Hepburn Law Offices	Dr. Orsino Decide Later	Judy Smith 7/23/14 Reborn Hospital			
	Alice Keen - 8 ABC Senior Center	Raymond Miller 7/21/14 Seashore Baptist Church			
	Dr. Unger - Salmer Dr. Unger	Mary Public director ABC Senior Apartments			
	Dr. Hart - 4 ABC Ortho clinic	Constance Rathgeber - 5 Lopez Medical Centre			
	Dr. Hart - William Barry ABC Ortho clinic	Monica Baker Shir-Holmes Clinic			
	Larry Mitchell RN Carle Clinic	Sean Thomas Rexford Hospital			
		Julia Sewing RN Decide Later			
		Tom Farger Source Center			

Changing this pattern to produce more predictable revenue:

- The relationship manager needs to improve their early stage discovery and conversation skills, including identifying stakeholders and present them with a strong value proposition.
- Work on improving call and appointment preparation skills.
- Look at the types of leads being targeted: how closely do they align with the company's sweet spot?

The Stalled Pipeline Pattern is especially common where relationship managers are charged with managing a new product into the referral channel. The visual representation identifies people's reluctance or inability to sell additional products into the network channel.

The Low Activity Pipeline

The low activity pipeline pattern is very common with referral partner business development plans. The relationship manager has low activity commonly because they are going after the 'big dog' in order to quickly meet goals and relax into managing the big accounts. This can result when the relationship manager is:

- Not spending enough time bringing new targets into the pipeline.
- Not understanding the balance needed between quality versus volume.
- Most comfortable with an 'account manager' role.

It's a risky existence when any sales person let's their activity level drop so low whatever the rationale, be it waiting for 'qualified opportunity' or a desire for big deals. And it is particularly dominant within the relationship manager role when the sales person is comfortable as an account manager. The manager has some corrective work to do, and teach the relationship manager the value of volume. (The

Comment [JR1]: I don't understand this line.

exception is when the business has to work with small numbers of potential partners such as hospital systems or HMO contracts.)

Referral Source	Lead Inquiry / Continuance	25%	50%	90%	6x Closed
0	2	1	0	1	
AA - Spirit Lake Tier 20 Decide Later	John Brown 7-24754 Southside Pulmonary Clinic	Dr. Kliner Decide Later	Dr. Weisner Worner PCP Clinic	Constance Rathgeber - Mr. Gallum Lopez Medical Centre	
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The Big Deal Pattern carries the most risk and requires deeper opportunity management across longer sales cycles.

Changing this pattern to produce more predictable revenue requires that:

- In some cases, the relationship manager needs to do more prospecting within their target base.
- Focusing on value encourages the Big Deal pattern. Overcoming this challenge begins with getting the relationship manager to focus on the number of deals in the pipeline

Questions & Answers

QUESTION: What is the first thing we need to do?

ANSWER: A good place to start it by testing the provider's value proposition. Can you as the provider answer the questions:

1. Why would this potential referral source refer to us?
2. What specifically is important to them and how does referring to us 'help them do what they do better?' Unless you can as a provider improve on this potential referral source's status quo you have very little chance of getting them to change it.

QUESTION: How is 'selling to referral sources' different than marketing to them?

ANSWER: Great question and the answer lies in the definitions of the two terms, which by the way are often used interchangeable (primarily because people don't want to use the word 'sales').

Marketing is essentially a formalized approach to leveraging the credibility of an organization and making that organization and its services visible to the market. The assumption is that done well this visibility will 'get the phone to ring', trigger an action on the part of the consumer. Now, this is a vast simplification since marketing serves many other objectives such as branding and market segmentation.

But it serves to set up the contrast for defining 'sales'. Selling is essentially a one-to-one interaction, in which the seller uses a process of discovery to understand the client well enough to make a customized presentation of value to the specific needs of that client. Sales happens between individuals and is by definition 'customized'. The objective of selling is to 'close a sale'. Marketing is a message to a 'market'. The objective of marketing is to create visibility with the intent to get the phone to ring.

The objective of selling to a referral source is ultimately to create a referral relationship. To do that the sales person learns enough about the referral partner to understand 'what's in it for the partner' and can articulate and close the plan that works for both parties.

Marketing to try and establish referral relationship often executes as a proverbial cookie drop with a request that sounds like some version of: "Just wanted to stop by and see if there are any patients I can help you with today."

I want to note: That 'stopping by' protocol works fine once the relationship is established. But such an approach leaves any potential partner cold when a relationship has yet to be established.

QUESTION: Our business is different. Our sales cycles are too long to track the way one would if there was a transaction involved.

ANSWER: This we hear a lot. And actually such a comment speaks to the collective lack of experience that the healthcare industry has in managing any sales operations. In fact, there are MANY products that have sales cycles that well surpass the majority of sales cycles required to establish referral relationships.

The pre-opportunity pipeline is like any pipeline. It has a cycle. And in fact, the longer the sales cycle the more critical it is to be able to assess vulnerability. If a sales cycle is 15 months, that means it takes 15 months to redirect a trend. This is very scary if the organization has no effective forecasting metrics to give management time to correct problems. In contrast a 'widget' sales cycle that is significantly shorter can be influenced much more rapidly if a problem is noted. **THE IMPORTANCE OF AN EFFECTIVE PIPELINE, FORECASTING TOOL IS DIRECTLY PROPORTIONAL TO THE LENGTH OF THE SALES CYCLE BEING MANAGED.**

QUESTION: What is the best approach for hiring these types of sales people who can create referral relationships.

ANSWER: Don't worry about the people until you have a management plan. Better sales people and even better training don't correlate to a sustainable improvement in the execution of any sales process, included selling to referral sources.

QUESTION: Where do I start?

ANSWER: Training your operations managers. Operations is responsible for census and, while they don't need to execute the sales activities they need to understand how to assess and intervene when there are problems within the sales process. This is just like any other part of their operations. It's just that they have little experience or training in how to do that. Give them the training and the tools to be successful.

QUESTION: What's the biggest indicator that my outreach team is not doing what they need to do?

ANSWER: That is relatively easy. When the numbers of referral partner meetings don't correlate with the numbers of referrals to the property or program, you have a good sense that your sales people are not 'selling' during their outreach efforts. And your sales people should be able to directly attach a referral to a referral source.

QUESTION: OK. You mentioned a lot about pipeline and patterns. How can I identify these patterns?

ANSWER: Ideally, you need to display the inventory of opportunities across the pipeline. Listing each opportunity by stage, left to right, will start to show you the pattern.

QUESTION: How do I begin to use these pipeline patterns?

ANSWER: First, get your team to understand what an ideal pipeline pattern looks like. Make it a goal to achieve the ideal pattern. Next, the salesperson must learn to analyze their own pipeline to identify the gap between their current pattern and the ideal pattern. Then the manager can look at cases and cures, and set a correction path. Sometimes it's a small adjustment to a selling technique. Other times, it requires a bigger move, like establishing new contracts to address new healthcare reform strategies.

QUESTION: What are the lessons for our training and coaching efforts?

ANSWER: When training and coaching are done in the context of pipeline patterns, it's a lot more relevant to the salesperson's world. It enables them to see the rewards of the visual pipeline, measure the effectiveness of applying new methods and make adjustments when corrective action is required.

QUESTION: What are the lessons for how we report sales progress?

ANSWER: Traditional KPI-based reporting with charts, graphs, analytics and speedometers don't move the needle for sales performance. Massive data sets don't help with understanding the dynamics at work within the pipeline. Simplify and understand what's important to measure and then keep sales reporting SIMPLE to those simple, necessary metrics, configured in a visual format as described.