

The State of Sales Development

Healthcare

Different industries require different sales development strategies to be successful. Take Healthcare for example. The total addressable market for any kind of healthcare technology tends to be different than your typical B2B software because you aren't calling typical business, you're calling health plans and hospitals.

In this datasheet, we're going to dive into the differences between Healthcare sales development and sales dev in other industries and how it affects the strategies and outcomes of your sales development team.

We'll analyze two types of information for this datasheet, numbers from our current and former Healthcare clients and anecdotal evidence provided by our most experienced Healthcare sales development managers and SDRs. We'll also compare this Healthcare dataset to the average numbers we see across the rest of our client base so that we have a baseline from which to measure Healthcare's statistical differences.



List Strategy



People have very specific roles within this industry and their responsibilities are very clear.

Gordon Bray

Client Success Manager

Prospecting into healthcare means that you're only reaching out to health plans, hospitals, and health systems. This significantly limits your universe and account strategy because you aren't selling into any other industries or verticals. Since your SDRs don't have to spend much time finding new accounts to prospect they can focus on researching the accounts that have already been identified as targets.

Specifically, your SDRs should be researching the org chart and individual prospects for their target accounts in order to identify the key decision makers, typically a VP or executive.

However this doesn't mean that lower level prospects are automatically disqualified. Directors and managers can be an excellent referral source, and their direct line of communication with the decision maker allows you to influence their org's decision indirectly. Sometimes a VP will even task the director under them to take the initial meeting by themselves, meaning you won't be able to connect directly to the decision maker until later anyway.

Once the necessary research has been done, it's time for your SDRs to focus on nurturing the accounts. While other industries put a significant emphasis on prospecting and pulling in new accounts, Healthcare just doesn't have as much to prospect, so nurturing becomes a major component of SDR outreach. You need an SDR who is diligent and detail oriented, because pipeline is more valuable than net new prospects. For example, one Healthcare SDR at demandDrive reached out to a prospect 173 times (over the course of several years) before before he picked up the phone and had a quality conversation.



Developing relationships and trust is more useful than going for the hard sell.

Sarah Fotos

VP Client Success

When it comes to marketing activity, the best way to support your sales development team is with consistent and targeted outreach. The small universe size will allow your marketing team to target and personalize their content more than other industries. This is exemplified by the handful of conferences (like AHIP, HIMSS, etc.) that our clients find invaluable for inbound prospecting throughout the year. These events are attended by the decision makers you'll want to talk to, and it allows them to explore your offering in a focused & credentialed environment. When a prospect sees your booth at a number of big events throughout the year they'll recognize you as a trusted player in the space and warm up to the idea of learning more. Once they reach that stage, your marketers can leave it up to the SDRs to convert these prospects.

Market

Those marketing events make up an important piece of the Healthcare space, but there are numerous other aspects of the industry that your SDRs need to know.

Hospitals, health plans, and health systems have different organizational structures than your typical B2B target account.

The first concept your SDRs need to understand is the dynamic between payers (health plans) and providers (hospitals and health systems). One of the biggest differences between the two is the ideal time of day to reach out. While payers typically operate within the Monday-Friday, 9-5 window, providers have less traditional hours. If you're calling into providers you have to consider both their hours of operation and when they'll have time to pick up the phone. If you're calling into a specific unit, find some data on when that unit is typically less busy and pick up the phone during that window.

As far as triggers are concerned, healthcare has a myriad of compliance regulations that payers and providers follow diligently. If your product helps them comply and continue operating legally, you're in great shape. Other triggers exist as well, but none are as important as the compliance regulations Healthcare prospects need to follow.

Once you've connected with the prospect you can begin to qualify them. Healthcare has a few unique qualification criteria that you need to know. For example, lives covered (payers) and number of beds (providers) are treated similarly to how other sales teams treat employee count to measure the size of any potential opportunity.

Once a prospect is qualified, the next step is all about timing. There are 3 different situations your SDRs should be looking for:

- 1 The prospect has an active RFP.**
Your team will likely be rerouted to the procurement team to submit a proposal.
- 2 The prospect has an active initiative.**
C-level and VP decision makers should be included on these calls.
- 3 The prospect has a loose or exploratory initiative.**
Directors are typically the highest level prospect involved.

Your SDRs need to be able to combine high-quality qualification with excellent timing on a consistent basis if they want to be successful. An understanding of these three scenarios gives your SDR the ability to know when they should be pushing for a meeting and when it makes more sense to follow up at a later date.

When it comes to building rapport in order to push for a meeting, your SDRs have to be well versed in industry terminology. With Healthcare, speaking the prospects language goes beyond mirroring their tone. SDRs need to have a solid understanding of the prevalent terminology if they want to build a relationship and, considering the importance of nurturing in this industry, that's something they need to do if they're going to find success.

The limited universe and focus on nurturing also limit the type of sales development program you can successfully run. If you're building in-house and expect a volume based approach to work, you're going to face some challenges. If you opt to outsource the function, any type of CPL (cost per lead) model should be avoided because it will put value - and a resulting strain - on the wrong metrics for a successful healthcare sales development program.



You cannot use a Cost Per Lead Model in this industry. It will not work.

Lindsay Frey

Co-Founder & CEO

Messaging

The terminology that is so important for building rapport needs to extend into all of your SDRs' messaging. It doesn't matter if you're reaching out to them via phone, email, LinkedIn, or anything in between. If you want to be considered you need to sound like you know what you're talking about.

Once you've figured out the lingo, the next step is learning how to speak to the different personas you're targeting, and Healthcare has one unique persona that we don't see in most other industries: The Administrative Assistant. In other industries they often act solely as a gatekeeper for their boss. Conversely, Healthcare Admins are equipped with enough knowledge to provide quality info as well as a useful referral when applicable. Their understanding of their boss' roles and responsibilities is thorough and it allows SDRs to begin the qualification process without having to connect directly with elusive executives.

When your SDRs do connect directly with the right executive it's important to speak to them differently than you did to their admin. If they are a doctor, you're best off referring to them as such. They expect a higher level of formality than you might expect. Using the correct terminology is an easy way to build respect and rapport with these prospects because they'll then value your understanding of their industry and challenges.



The prospect's first priority is to their patients and their health, so you need to respect that and reflect it in your messaging.

Mike Aragon

Senior SDR

When it comes to multi-channel balancing, our SDRs found that there isn't one particular channel that connects more often than any other. Instead, their focus was on reaching out consistently with an even combination of calls and emails.

Metrics

So, if you follow all of this advice, what should your results look like? We found that - across all of our Healthcare clients in 2019 - their numbers sit right around our Total Client Average (TCA).

As a firm dedicated to sales development, there are two major metrics we look at to measure general success for our clients: Connect Rate - The percentage of activities that result in a quality connect/piece of qualification information. Lead Rate - The percentage of quality connects that result in a passed lead.

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Our Healthcare connect rate is 9.7%, almost directly in the middle of our TCA of 8-12%. This is where you can really see the difference having access to knowledgeable administrators can have. In any industry you're going to see a lower connect rate the higher up the corporate chain you need to reach, and Healthcare has a higher focus on executive level decision makers than most other industries. By taking advantage of their ability to get connects from a secondary source, they significantly boost their number of conversations.

The lead rate tells a similar story. It actually sits on the higher end of our TCA, coming in at 4.3%. Our TCA ranges from 2-5% on outbound programs (it's a few percentage points higher on inbound programs), so this means when our SDRs are having conversations, they're having the right ones. This also proves that conversations with administrators result in leads.

Conversion rate (rate at which passed leads become sales opportunities) is the other metric we measure for overall client success, and with Healthcare it tells a different story than the other two. Our TCA conversion rate is 50-60%. With our Healthcare clients this number drops down to 35%. Why? Let's go back to the timing related challenges addressed earlier. Because of the longer sales cycles, length of contracts, and industry budgeting practices, there aren't as many windows of opportunity as there are in other industries. Your SDRs can do everything in their power to pass over a qualified lead, but if a prospect is interested and timing is wrong it won't become an actionable opportunity. Your sales team should rightfully put the account back into the nurturing hands of the SDR until the timing is better. These handover calls are still valuable and will prove useful down the road, but they don't become opportunities and that affects its ability to convert.

Despite all the unique characteristics of the Healthcare space, if you go about your business the right way, your sales development team will have success, and the proof will be in the metrics.

The trick is in taking advantage of the differences that make Healthcare what it is.

Knowing how to navigate and interact with different organizational structures is paramount. Your SDRs have to be able to hold a quality conversation with both executives and their admins, a task easier said than done.

Nurturing and timing need to be a primary focus, replacing prospecting on your priority list. If your SDRs can tell when a prospect means “no, not right now” or “no, not ever”, they’ll be able to prioritize their pipeline accurately and create a consistent pool of leads to pass to your closing reps.

As long as you have a solid understanding of the healthcare space and prioritize the aspects of sales development that are important for you, you’ll be able to lead a successful team of high performing SDRs.



Let's work together.

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