



Selling Medical Devices in this Difficult Healthcare Environment

Joe Hage:

Hi everyone, this is Joe Hage. I have the privilege of leading your [Medical Devices Group](#). As of today, we are at 247,000 members worldwide, and I think one of the reasons that we've grown so much is we have members like Mike Sperduti in the group. And Mike is the founder and leader Emerge Sales, and in full disclosure I met Mike for the first time at the [10x Medical Device Conference](#) in May. Last year was in Minneapolis, next year in May will be in San Diego. Mike will join me again.

And Mike gave a workshop that I found so compelling that, again, full disclosure, I hired Mike to help me with my business. So I asked him if he'd be willing to share in this free webinar with members and he said yes, and that's why we're here today. So I will mute myself for now. Mike, take it away, and thank you very much on behalf of the group.

Mike Sperduti:

Thank you and hello everybody. This is such an exciting event for myself and my organization. It's just fascinating, Joe, what you've done in pulling us all together in medical device all around the world. I was really excited to see that we had 32 countries represented on this particular call in terms of interest in the subject matter, and many different companies – so we have Fortune 100 companies all the way down to small one-man armies. And my intent for you during this webinar is to walk away with a blueprint on how to mitigate through this challenging time in medical device sales all over the world. So I encourage you just to sit back, relax, and just start thinking about different ways that you'll be able to use the strategies that we're going to go through today.

Now, specifically what I want to cover is I want to give you a proven model. Now, this is a model that I've used for the 17 different medical businesses that I've owned or operated, the model that we use for our clients that range from Fortune 100s down to startups. This model has

generated over a billion dollars in sales revenue, and when folks adopt it it has been recognized by leaders, a who's who, as being the fastest, most effective way to generate sales. What we'll also go through is how to create this predictable and repeatable and scalable revenue stream so ultimately as we go through these challenging that we can meet or exceed our revenue objectives.

So my entire premise and our entire premise as a company and for our clients as well as our own owned companies is that nothing speaks louder than our customers' voice and nothing speaks louder than your customers' voice. The most important thing that we need to keep in mind is that our customers have different needs, have different wants. They're all different. Depending upon what country, depending upon their personality, their upbringing, their management style, their responsibilities, that they're all in different situations, and so we need to be marketing to a customer of one, and that's what we're looking to do is really take a look at the marketplace and sort out who are the best fits for my organization and how can I meet people who are in the market, have a need and an interest in my company on an ongoing basis.

Now, some of the things that we're going to discuss, initially they're so basic and they're so commonsense that you might think, "Well, this doesn't really fit my business because my business is too complex," and I have a list that you can see on the screen here that shows you the type of products and the type of business that we currently are working on. So your business could be as sophisticated as brain surgical software or it could be as simple as a Ziploc bag that's used in a hospital pharmacy. It doesn't matter. This system and this process will work for you and will achieve the results that you're looking for.

Now, one of the things I wanted to take a look at was, well, why are things so difficult in this environment? There are many different factors that we need to understand, and I know you guys understand this, but we also need to adapt our selling process to take these things into consideration. So first and foremost, time is a big issue right now. Your customers' time in the healthcare environment is precious just like yours is, and so they don't have time to meet with salespeople, to get wasted sales calls. They have to do more with less, they have to see more patients in order to make the same or more money just like you do. They have to sell more and see more in order to make more.

We also saw margin decline in all of our businesses. Everybody on the line today, we're experiencing margin decline due to healthcare legislation, competitive bidding and competitive pressures globally, so we see that margins are shrinking. At the same time that we see margins shrinking, we see that the cost of a field sales force is rising. When you take a look at what it costs to put feet on the street today and calling on accounts, we're looking at anywhere between 300 dollars and a thousand US dollars in terms of what a sales visit costs a company. And so it's the perfect storm: We have margins going down, we have sales costs going up. So a lot of the companies on the line today, especially the public ones, I mean they've been in the news, they've cut back their sales forces in order to survive in these times. Also, smaller companies don't have the budgets for large sales forces. So what we see is larger sales territories. So we have reps that are calling on more accounts, quite frankly sometimes accounts that they never even see or touch, and the only reason why we're losing business is because we're not showing up because we don't have the bandwidth to show up and we don't know what's going on. And then not only do we have less salespeople calling on more accounts but, for the product managers that are on the line today, just getting mindshare of all the products that they have in their bag is very, very important.

And then lastly, just because of the environment money being tightened across the world, there are fewer opportunities and a lot more competition. So these are the factors that are happening right now in this new healthcare environment and what we're seeing is most companies, and again, from the Fortune 100s down to the small ones, most companies haven't really reacted any differently in terms of their sales structure, that structurally they're still the same and what we wanted to show is just a little different approach, because if we do things the same way, old school really is out of business. I mean, what happens here is that if we continually do the same things over and over again the same way, we're going to get the same results, and now what we need to do is we have to change the way that we do things. What that means is our sales organizations can't be a one-trick pony. Our marketing efforts can't be a one-trick pony. We have to really be a triple threat. We have to have excellent phone representation. We have to be great face-to-face. We also have to be great with technology. We need those three core competencies within the organization.

The other thing that I think that's important is that we understand these dynamics and we really take a look at what our responsibilities are in

terms of a sales leader. So as a sales leader, what we're really looking to do is optimize the customer experience and make sure that we're aligning our sales and marketing resources properly; we have stronger, more meaningful, more frequent communications with our customers; and we need to design the sales process specifically knowing how and why they buy, and actually when they're going to be pulling the trigger. We need to optimize the revenue potential that's out there. We need to sell more accounts. Selling cycles are getting longer. How do we accelerate them? We need to do that. And we need to lower our selling expenses by putting our sales force in front of the right companies at the right time.

So what this has caused and where we see tremendous growth for our clients and our companies that are growing, where we see tremendous growth is from companies that have really put together a sales strategy that has three different components, and when you think about sales there are really three different aspects and, typically, in the past we've had salespeople do all three functions, meaning sales did the prospecting, sales did the closing, sales did the relationship management. Today it's the age of specialization, and we tried to change the terminology so we really understand the function and then deploy the right people at the right time to do these specific functions.

So the first part of the sales process, the first part of the marketing process, we refer to as the creator, the one who creates the opportunity. That person would be responsible for initiating the dialogue, understanding what's specifically going on within that account, getting all the meaningful marketing data, and then really deciding where that account belongs in the sales funnel. Is that an immediate sales opportunity? Is that a future opportunity or do they not qualify? So the creator is the first step, and so companies that are successful, they have a bunch of creators. That's all they do every single day: They get on the telephone, they're prospectors, and what they do is they create opportunities. Then, once those opportunities come into a sales-ready situation, then they bring in the authority, and then the old school would be the closer, and that authority would be that high-level sales executive that would be in front of the right opportunities at the right time doing what they do best, and that is solving customer problems.

Then after the authority comes in and presents the solution and then ultimately gets the account, that account [00:12:04] passed over to the lover. That's what I refer to it. We want our customers to be loved. We want them to be at their beck and call. We want every one of their needs

taken care of because we don't want them going any place else. So in the age of specialization, we really need to look at taking the sales process and making them specialists so we have all our bases covered.

Now, one of the questions that I typically get when I do sessions live is a lot of folks out there may be considering hiring an inside sales force or outsourcing an inside sales force with some of their products or some of their functions. And so I just have a little graph here or a little slide here that just illustrates what you should consider an inside sales force for as well as a field sales force for. So if your product is a commodity, and I've worked and sold product over the phone with things like dressing change kits, IV start kits, tubing, [00:13:19] **rental** devices, biomedical services, all those things can be sold over the telephone. You don't need an outside sales force. If you have GPO contracts that are sitting buried in somebody's computer that they have no visibility to your contract, the phone is an awesome tool in order to get GPO contracts to be effective. If you have a simple buying process behind your product, you can use [00:13:49] **an all-inside** sales process. For smaller accounts, remote accounts, perfect use of an inside sales force.

Any type of renewal, upgrades and add-ons, we've been able to implement strategies with our clients that they've seen double-digit growth just by taking advantage of those opportunities that typically exist in all of our companies. We refer to them as french fries. McDonald's, every time you ask, you order a hamburger at McDonald's, they always add on french fries. They always add on a drink or an apple pie. Think about what that can do for your business.

Lastly, what an inside sales force is great is for prospecting and market intelligence and market data. For those of you who are in the marketing marcom world, you'll love the type of process that you can use with the phone in order to drive your marketing efforts. With a field [00:14:47] sales force, it's pretty easy. If we have a product that's complex, it needs to be demonstrated, there are large opportunities, and the customers require a face-to-face visit and the revenue potential justifies it, we certainly want to continue to do business [00:15:04] using a field sales force. The question really is and what our clients are seeing and what you're probably seeing is you need a lot less of the field sales force if you know where the opportunities are, if you know who's in the market and has a need and ready to buy.

So the way we look at inside sales and the way we look at inside marketing is really that organization needs to be lifted up in terms of its stature in the company. Inside sales, when it's done properly, should be the mission control of your organization, should be directing exactly the activity of your sales force, of your marketing materials, of your entire sales and marketing strategy. Now, typically in a sales organization, if you're using inside sales, we're typically using lower-end people. It's a step up – you start on the inside and you go to the outside. We need to have the highest-skilled people, the highest-trained people, using the greatest technology out there, and when you use those things and I'm going to show you some strategies to do that with, you'll see sales grow exponentially.

Okay, so now we're talking about this mission control concept, this incredible organization that has access to starting customer relationships, understanding your competitors, understanding the buy cycle. What you do when you build the organization like this is you own your own sales GPS system. You would be able to turn on your computer, your CRM, and up would come right on your screen exactly all the information that you would want to know – every decision-maker in your territory or in your marketplace or in your country, their key contact information. You would specifically know how many potential targets are in that universe that you're trying to serve. You would know who's in the market; who's evaluating your products or services; who's the perfect fit for your product; who's in the market today, tomorrow, next month, next year. Who on the line around the world wouldn't want that list? And so we can create that list, and so that way sales will always be at the right place at the right time. Also, your marketing materials will be at the right place at the right time. We're spending millions and millions of dollars on this line today with wasted marketing promotion on folks that couldn't even use our products or services, or they just bought the device that we're trying to sell. We need to be really smart about who we're sending information to or who we're calling on.

And see, when you have this list that I'm talking about, that gives you an unfair advantage over your competition no matter what size your company is. You have the unfair advantage because you know what's going on in your market space. Every one of our companies that we had that we sold, one to a publicly traded company, others to privates, the key value that we brought to the equation was the fact that we knew more about the market than anybody else, and that's what you want to be. You want to be the

dominant knowledge player in your market, and when you do that your productivity increases and you decrease your wasteful expenses, and that formula will only be beneficial in this environment.

Joe, just [00:19:05], did you get any feedback on that question?

Joe Hage: I got quite a lot and I would say that about 60% of the folks who answered said they do. I have one fellow I'm going to leave anonymous who said that "we have attempted to make the case for it," which suggests that he was unsuccessful. I'm not sure why. I asked him in private. And another fellow wrote, "We don't currently have an inside sales force but we're considering the addition. I'd be interested to know what [00:19:38] **decision** pivots on." But otherwise, about 60-40 with **Dave** [00:19:43] and yes, he is the inside sales force. It's him.

Mike Sperduti: Okay, and I got that and I'm thrilled to hear that 60% of us are using the telephone. My intention here for those folks is for us to elevate that program, for us to actually expand it and utilize it to the power that I believe it can if you're not seeing tremendous growth right now.

Joe Hage: Mike, back to your slide that you had earlier where you had inside sales versus field sales, was there an implied either/or there?

Mike Sperduti: No. It can be either/or but in most companies it's a combination. So my first major success was I took a company that was privately held. It was three million dollars a year in sales. They sold everything to make and administer an IV product. So we rented infusion devices, we sold hoods that they used in the pharmacy, we sold all the things to make and administer an IV, thousands of SKUs. They started with an inside sales force. We converted that entire company to an inside sales force. So we went from outside to inside. We eliminated the outside completely and our revenues went over seven years to over 80 million dollars in sales.

Joe Hage: Now, this was your company, right?

Mike Sperduti: That's correct. I was a partner in that company.

Joe Hage: So you didn't have a big political battle. I'm thinking that, boy, the medical device company I was at, and I have a friend on the line from that company, a change like that would have been such a terrific uproar. Any thoughts on that?

Mike Sperduti: It's exactly what happened. The fights that I had to do with my partners because they were all older, at that time they were significantly older than

I was, and so they were brought up with, you know, you shake hands and “this is the way we've done it for years,” so I had to fight to get that change done, and as a matter of fact today they'll be the ones that will sit around the table and they made a lot more money. I was a minority partner in that company. They made a lot more money than I did on that deal. They'll tip their glass and thank me and say, “Gosh darnit, we're so glad that you kept fighting.” And the only way that I was able to win was by results because I kept proving that it couldn't be done, and that's why today, for those of you who are on the line, we can prove this model. It just makes sense.

And the other secret, and this is why I wanted to do this webinar, the secret of the companies that are growing is right now this channel is very much accepted in the healthcare community. The lab managers, the clinicians, the nurses, the OR managers, we touch every bit of the decision-makers. As long as the call is structured properly and as long as you have meaningful conversations that are intelligent, this channel welcomes this marketing. That's why it's so powerful. I met with two companies [00:22:57] **over** last week, both Fortune 100s, that told me specifically that the work they were doing over the phone is generating the highest return on investment than any other marketing that they're doing. So the point of the matter is inside sales works either as a sole entity, if you have a commodity-based company, or it's a great complement to a field sales force because you're going to make sure that you get your company in front of the right audience at the right [00:23:29] **time**.

Joe Hage:

So I'll just add the gentleman who wrote me privately about attempting to make a case for it. He said, “We have a history of building silos instead of **complementary divisions**, in my opinion,” and he wrote they're worried about the reaction of the field force. Instead of being a [00:23:52] **GPS and offloading small sales, the field guys think** they will lose commissions.

Mike Sperduti:

Okay, so I totally understand what you're facing there. I think the best way to implement, if you have a very resistant organization, which I've worked on many, is the best thing to do is wait for territory to open up that an outside salesperson leads because typically there's a window of time that you can start working on the accounts, and then you can open up a new structure. And so it's easy to implement with somebody who's more willing to work with you. So one thing that I've done in that situation where there's been heavy resistance is worked on either unmanned territories, new territories or territories that open up.

Joe Hage:

I'll add [00:24:47] thing that he raises and then we'll move on. He writes, "Mike raises an important part which also answers your question. Senior management is largely old school who don't understand the value of the model and they won't invest to implement an inside sales force. They told me, "You're asking us to build what we are already paying for in the field force."

Mike Spurduti:

Okay, and so this is the other thing. They're not paying for it. And this is one of the things that we have to...the thing that's going to take down the old school is logic that they can't refute. So what I would do is I would lay out how many accounts does an average outside sales rep have in their territory, and then realistically, how many accounts do they actually see? Now, I don't mean drive up and visit the facility and go in the elevator and ask if Dr. Smith is there and find out Dr. Smith's in surgery so I leave him a business card and call that a sales call, which is a lot of that going on right now. That's [00:25:49].

So I think if you waited and said, "Look, realistically, how many accounts are being actively called on right now versus how many accounts are in the territory? And how much information in the CRM are we getting from these people? And what kind of percentage...?" I mean, once you look at the activity and how many accounts they call on, you'll see that most outside salespeople call on less than 20% of the accounts that they're assigned to because they don't have the time to get outside that number.

So think about it, if I have 500 accounts in my territory, 400 accounts in my territory, some people have more than that. Realistically, how many opportunities are we missing because we're not showing up? And what's great about the phone is, and we'll show an example of it later if we can get to it, once I make the phone call and I make the contact and a meaningful conversation with a decision-maker and I understand what device they're currently using and how old is that device, and are they under contract and when that contract comes due, once I know all that I can either react right away if there's an opportunity or I can sit back and put it in my followup file for a nurturing program to call it the right time. And so I can take those accounts, those 500 accounts, and I can put them in buckets: Here's the 50 I need to be calling on this month. Here's the 50 I need to be calling on next month, and so on and so forth.

Let's talk about the keys to success. So the first thing we need is a targeted prospect list. I want a list of who my decision-makers are, their titles, so I don't have to go around fishing for information or walking into the

account or calling the account not knowing. And around the world there are great data houses that exist that you can buy a lot of this information. And a lot of it, if it's just pure contact information, you can buy it pennies on the dollar. I'm talking a fully loaded list you can buy for anywhere between 30 and 50 cents per name, so that would give you [00:28:07] **managers** list in the United States or the chief nursing officer list or whatever your target demographic is.

Typically, we need to understand who that decision-maker is. We also need to understand, where do you realistically fit in? Where does your product or service realistically fit in? It's typically not with everybody. You do better with hospitals under 250 beds or clinics that meet this type of criteria. So the more specific we can get that target list the faster we can ramp up our sales [00:28:40] effort, and there's lots of great information that a lot of people don't know is available. Just like they're capturing all the personal information, you have companies that capture all our business information. So we can get names, we can get phone numbers, and then if we want to pay even more, there are elaborate information that we can get like number of tests, number of procedures, number of surgeries, some of it more expensive than others, but we really need to target who we [00:29:09] **call on**.

Joe Hage: Is the target prospect list you can buy any good?

Mike Sperduti: Is it good? Okay, it's fantastic the information that we buy. We buy from all credible sources, we buy folks that guarantee their data, and it's 100% pristine. Now, there's a lot of garbage out there but you've got to know what to buy. And you **want to** [00:29:34] that guarantee their work, you want to work with somebody who telephone-verifies their data, because data changes. But yes, the data is very good.

And again, this is data that we're using with Fortune 100s, people that are very, very smart. Folks on this call who are our clients, they're using that data.

Joe Hage: I have three questions here all of whom are saying, "So who are these great vendors who have clean, verified data?" with the I guess implication that they haven't found them yet.

Mike Sperduti: Okay, that would be fine. Really, without knowing your business I couldn't tell you...there are many different vendors depending upon your need. So what I would suggest, whoever it is that has the question, I'm going to give you my email address at the end of this...

Joe Hage: Okay.

Mike Spurduti: ...please write to me.

Joe Hage: Yeah.

Mike Spurduti: We'll find out exactly what you're looking for and we'll help you get it.

Joe Hage: Okay, thank you. I'm on mute.

Mike Spurduti: Alright. So now we've had this prospecting list and—oh, the other thing also is just go back to the prospecting list, get samples of the list beforehand. So again, you don't have to believe what I'm saying. What you do is you actually get proof, you get samples, you call on the accounts, you make sure that they're good, and a good company will offer you samples of the data just because it sounds to me like this skepticism out there, that's the best way to get rid of the skepticism.

So once we have that targeted prospecting list, the next thing we want to do is we want to engineer a winning brand message. One of the things that all of you are frightened of, I'm sure, is when you start talking about this subject you start thinking about telemarketing, you start thinking about telemarketers and it starts connotating low-end bad phone calls, scripting and a lot of nonsense, and that's exactly what you don't want. We engineer messages. We engineer messages that enhance your brand and keep your brand integrity. In addition to that, we then put together a conversation guide. I'm going to give you some strategies on how to do that in just a second.

Once we have that message engineered and we have that conversation guide framed, we then want to master the delivery of that, and so we want to role-play that with our folks and we want to make sure that they sound exactly the way we want them to sound. So if your company sounds scripty or your outsource company sounds scripty or you've had a bad experience, it's because you haven't done it right and it's not to your satisfaction. So make sure, just put in the time, and if you can't do it in practice you can't do it in the game. That's why role-playing is so important. So you make sure you role-play. So you master that delivery, and then you work on the data capture, whatever's important to you.

The other thing that we need to do for the 60% that are doing it right now is we need to have sacred prospecting time. What sacred prospecting time is, I mean sacred. You don't take inbound phone calls. You don't take

calls from your loved one. You are locked and loaded, ready to go. You're growing your business. And you also want to find out what's the best time for your particular decision-maker where you're going to have the highest contact ratio, and once you find out that ratio, then you want to make sure you [00:32:57] **roll** with the time zones. So if you're a national company, you want to take advantage of the time zone [00:33:02] **role** and always be calling during the best times. When you do that, your results exponentially go up.

In addition, you want to put some call standards in place, just some rules of thumb. On average, and this is around the world because we do make calls around the world, typically it takes us 14 to 17 attempts per hour in order to have one to two meaningful conversations. That's just a rule of thumb. Sometimes we speak to less; depending upon the higher level, the harder it is to reach. Sometimes we can speak to more depending upon the accessibility of the decision-maker. So those are rules of thumb.

Another thing we want to make sure because we want to, again, keep our brand integrity in place, we want to have meaningful conversations to use that information. You don't want to call more than two times per week to the gatekeepers if you're not getting through the decision-makers. You do not want to be a pest to people. That's what gives this a bad name. We don't want that. We want to make sure that we're very professional. We're very respectful and we don't overcall the accounts.

The other thing that's important in terms of success is the larger the list of targets, the faster that you're going to see results. It's just a numbers game and it is. The more dials I make, the more contacts I make. The more contacts I make, the more immediate opportunities that I get.

Now, from a data perspective and for the marketing com people that are on the line, every phone call is going to bear fruit. We're going to find out what they have and who they're working with and their contracts. All that great information that you want to know we're going to get out of the conversation. But for the salespeople out there, you want results, you want them now. The more dials, the more contacts, the faster we can get results.

Joe Hage:

What does CANI mean?

Mike Spurduti:

Mike Strange asked me that. So CANI is what we call Constant And Never-ending Improvement, and what that means is as part of your success for those 60% that are using the phone right now and have inside sales, you have to record the phone calls. Why do you record the phone

calls? Because it's amazing what you hear and how you can improve your outcomes. If we're hearing these rejections over and over again, we can then write rebuttals and conversation rebuttals that are very logical and meaningful to overcome those objections. That's our job in sales. If it's something that they don't understand, it's our job to communicate a different meaning to that. So what we do is we role-play and we go out, we make the calls, then we listen to the calls, and if you have that kind of discipline and effort in this process and you're committed to constant and never-ending improvement, that's how you get predictable and repeatable.

You see, for those of you who experience success, you understand that this is hard. This is a commitment to growth. I can give you the recipe all day long, but how many hours are you going to put in putting your messaging together? How many hours are you going to put in to listen to phone calls and work with your staff? And when you take it at that level, and again I talked about the highest skill, you're going to get way different results.

Joe Hage:

Mike, you wrote don't call more than two times a week. With agencies that I've worked with in various industries, I've accepted the industry maxim that you try three times, you don't get through, you drop that name on the list. Your thoughts?

Mike Sperduti:

So to me, if you have a big list, then that's fine. When do you come back and you circle back to that account, would be my question. But if you know it takes 17 dials, 14 to 17 dials to make one to two meaningful conversations, realistically you're only going to contact what, 30% of your list? So you have to spread—the thing that the telemarketing agencies typically do is they have a window of time that they want to get the project done and so they bang out the number of dials, and so they hit the account three times and then they just say if they do not connect, then you never connect with that account. To me that doesn't make sense. To me, you have to have a longer timeframe. You can't overcall, but if that person's still there and you've tried to dial them three times, chances are you're not going to connect with them, especially if they're [00:37:42] clinician or somebody like that.

So let's talk about data, and again, we're privileged to work with the who's who in industry, and a lot of the folks that we work with, publicly they tout how great they are, how efficient they are, and in reality they really don't have a great grasp of their customer information. And it's not that they're doing something wrong or they have bad people. That has nothing to do with that. The reality is the bigger the company, the bigger the data

problem. And so why does this exist? And there's a lot of buzz about big data but the data that I've seen is garbage, and the reason why it's garbage typically, and again this is just a general rule, is because most CRMs are filled with old, incomplete and useless data, or inconsistent data. So you have a sales force of 50 people, a hundred people, 10 people, it doesn't matter, they're all putting information in differently, they're all using different abbreviations. So that's one problem, is there's an inconsistent data capture.

The second problem that we see, and this is with the bigger companies, is a lot of them grow by acquisition, and so because they grow by acquisition they acquire different operating systems that they don't talk to each other. So you have companies that really don't have a handle on their own customer base let alone their competitors. So this data becomes a big problem, and so by having this mission control inside sales approach, what you do is you have a central location to funnel all data and that data is constantly updated by a dedicated group of people. So I know that this person is the lab manager. I know that this is the email address. I know that they are in the market at this particular time because I am central mission control. And all of us, whether we're a Fortune 100 company or a small company, need to get a handle on our data. It's a great buzzword, but you know what the best way to collect it is? You talk to people and you collect the data.

Now, I'm going to give a couple of pointers on how you're going to go about making these meaningful conversations, how you're going to go about engaging your customers. And again, we're doing this with OR managers, CFOs, CNOs, lab directors, lab managers, human resources. I can go on and on, it really doesn't matter, but there's a commonality among how you pick up the phone and you take a seven-digit phone number and you turn it into a meaningful conversation, and that's our goal for our clients and our companies. We want to just have meaningful dialogue. There's no pressure during that dialogue. We just want to have a nice conversation. And during that conversation that's where the opportunity's going to pop up naturally or naturally that's how the data is going to be exchanged. So how do you do that?

Well, the key is to create a meaningful conversation and elicit in your critical data. The first thing is you need to be brief and brilliant. These people are not expecting your phone call so you have to understand that. And a lot of times especially if we do more in-depth calls, we'll just call to make another call when it's a good time for them after we've established

some common ground commonality and an interesting topic that they find interesting. And this is what's really interesting. Anybody who's a professional, whether they're a doctor, a nurse, a scientist, a research scientist, a lab manager, doesn't matter. They're professionals, and so they are really interested in learning more about their profession, learning what's new, learning what other institutions, leading institutions, are doing. That's their job. They're professionals. So if we're educators in the process and we bring in education as part of the phone call, we naturally are just going to open up dialogue. So we want to bring up an interesting topic, and I have some topics that I'll show you that are working very well right now all around the world.

You also want to bring in signature accounts. If you have a signature account like the Mayo Clinic or Johns Hopkins and they've now utilized this new approach or this device or whatever it is that we're trying to talk about, it's going to add credibility to the conversation. If you have key differentiators, something that really makes you different and better, we want to talk about those things, and ultimately we want to have strategic interview questions. And this is for my marketing friends – we want to make sure that we're able to ask them questions about what they do and who they do it with and why they do it that way so ultimately we can help them figure out whether we can help them better or when to help them.

And lastly, we need to make sure that we know what we want to do with this information. Do I react on it right now and deploy a sales visit? Do I send them a brochure? Do I invite them to a conference? Do I put them on the trade show list? Do I send them a direct mail piece or do I just file it away until next year because they're not in the market? Those are all things we can learn.

In your messaging, these are the top three reasons. We've done studies. We've interviewed thousands of clinicians across the world. These are the things that they're most interested in. The first thing is products and how they relate to their patients and clinicians. What are the experiences of those folks and how do they perceive better outcomes or how do they show better patient outcomes or how do they make their patient's life easier or better? How does it make their clinician's life easier or better? The second thing and, you know, again, peer recommendations – very, very important. Your customers and your signature accounts speak a lot louder than you do, so we want to make sure we bring those in. And then, just because of the environment that we're in, cost is a big component and things that they say that they want to talk about.

Here are some of the things that we use for just topics to start introducing our meaningful conversation. And these work very, very well right now, again, all across the world. We talked about new technology – always interesting to introduce a new technology. The market's always interested in learning especially if it's right in their sweet spot. Better patient outcomes – as insurance companies are changing the way that they pay providers and as the governments are changing the way that they reimburse or HMOs in hospitals and doctors and everything's changing, but the one thing that we're hearing is patient outcomes, which is great for all of us who are going to need it.

Reduced readmissions – this is big in the acute care marketplace. We all know that keeping patients in the hospital is the most expensive way to treat them, so if your product reduces readmission rates once they're discharged that's something that's interesting to talk about. Anything that increases revenue right now, anything that increases profitability, they'll listen. Patient satisfaction – on a lot of scorecards for a lot of the insurance and government agencies. That's becoming more of a statistic that they're following. Very important. Any reduction in operating expenses, any improvement in productivity, any reduction in clinical labor – huge, they want to talk about.

Again, you'll have these slides, take a look at your particular product or service offering and try to fold these things into your conversation. So when you're talking to these folks and you open up this meaningful conversation, you really want to focus in on what you can learn from them so you can learn when and how to help them. So whether you get an appointment, an immediate opportunity or not, you want to get smart. And again, this is the best part and I'm really hoping that everybody's getting this, is that they're going to tell you the answers. If you have a meaningful conversation, you frame them with an interesting topic, they'll tell you anything you want to know. They'll tell you what their immediate goals are that they're working on. They'll tell you how many patients, how many tests, procedures, how many surgeries they do every week, every month. Why? Because everybody's looking for help, and if you've established yourself as somebody who is credible to talk to they'll share with you because everybody's looking for better ways today. That's why you're on the webinar today. That's why they're going to talk to you.

Who are they currently doing business with? When does their contract expire? What brand are they currently using? How old is the equipment? Why did you choose to work with your current vendor? How powerful is

that? You're eliciting their buying strategy. How do they make decisions? All this catalogued in this great database of yours so that way now, when you're ready and they're ready, you have data that will help you move the needle towards a sale.

Email – they'll give you their email address if you have a nice conversation with them. They'll opt in to your materials. So for my marcom people, my marketing people and my product managers that are on the line today, how important is all that information to you? What better way to get it? And again, they are willing to talk as long as you're structuring meaningful conversations.

So one of the things that we talked about early on is now we have the right list, we have engineered the right message, we've come up with the right strategic interview questions, we've role-played to make sure that our people on the phones are conversational, they're up to speed on exactly what we want done – the next thing we do is we want to keep statistics on everything. And this is an example, just this screen, about the type of statistics that we keep and for those 60% of statistics you should keep. So how many people are in the territory? How many people are in the target? How many people did we talk to? How many people have an immediate positive outcome? What are they interested in specifically? If they're not interested, why aren't they interested today? And what brands are they using? And all the other good questions that we talked about.

And then look at the ratios that you can see on the right-hand side of the screen. This is where you get predictable and repeatable. You see now this big data is meaningful because now we have a sampling of our market and we've called on 10% of the market, well, we can now extrapolate those numbers to figure out once we get to 90% of the market, what are our sales going to look like? What is our pipeline going to look like?

How exciting is it? And again, it's so simple but it's exciting to know that you can project what your revenue's going to be. And it's not based on some falsehood – it's based on reality. And the reason why you'll be able to trust the data is because you're recording all the phone calls. So I can tell you all day long how this process works, I can tell you all day long, but the most important thing is when you listen to the customers and you can validate that all the marketing data that you're collecting is actionable and is real because you can hear it for yourself. And so that's why listening to the calls, working with your team—and this is just a little copy

of our package that we use that collects the data but also shows you the call recordings that we monitor.

And now I'm just going to end really my little presentation and then we'll take questions, but what I really wanted to show you was the data and when you roll up the data what it'll do for you, because you're going to have instant success. You call enough people, you're going to find people who are in the market and have a need for what you're trying to sell. Statistically in the medical device world, anywhere between 5 and 20% depending upon the capital that's needed to purchase your equipment, is in the market actively and evaluating your product or service. But what do you do with the rest of the folks?

Well, if you think about it, let's just say and this is just an example of a capital equipment item, a medical device that has a five-year replacement cycle on average, so once I make all the calls in my targeted geography, no today equals money tomorrow because here is my list of people that have bought this year; they're less than a year old. Well, I know that they're going to be prospects four years from now [00:52:33] back into the evaluation process, and so on and so forth. So if you were to click on any one of these cones behind here, you would see the specific names with the specific equipment so that way when they're ready to be marketed to we could actively call on them, and that's the power.

You can also roll up this information into different types of reports. I know our marketing managers love this stuff, but these are the types of things. What facilities are performing the different procedures that [00:53:10] **you do**? This is stereotactic brachyradiation therapy. It's a project at cancer treatment centers. So our client wanted to know who was doing that therapy so that way they could focus in on the ones that weren't because they wanted to implement that particular software. They wanted to know what brands they were utilizing to immobilize cancer patients. We were able to get that for them. They wanted to know who was planning to get into this type of software, what timeframe were they looking to purchase different things. How powerful is this data?

And then, ultimately, you can quantify the results. You can come up with, well, how many lab manager calls did we make and what was the cost per lead? What was your investment? What was your return? All those things can be measured. And what's nice is you don't have to start out at 161,000 dollars like this is showing. If you can't do it on a small scale, you can't do it on a big scale. So you can test the waters and test your assumptions, and

once those assumptions get predictable and repeatable then you can ramp up.

So a lot of times when I'm talking through this, folks are thinking about, should I be doing this for the 40% that are not actively using an inside sales approach right now? You may be thinking about building an inside organization within your company or potentially outsourcing. Both are good and viable options. If you're going to do this internally, the most important person is this person who's leading the charge, somebody who has a pure mastery of using the phone in the healthcare environment who understands [00:55:20], understands selecting personnel, understands technology, and understands how to hire the right people to do those things. So if you want to do it internally, that person is very important. Also, it requires a great deal of capital to build this internally.

So a lot of folks who want to test the waters or they want to do it really cost-effectively, they decide to outsource it. So the reason why folks outsource is because it's very low-risk. You can start with a low investment point, make sure that you're getting a return, and when you get a return there's a higher reward. Again, the investment points can be very low so that way you can test the assumption. When you outsource to the right companies, there'll be a performance model in place. So when you have a performance model in place, there's no way that you can get hurt. When you outsource, you're typically going to choose somebody who has experience and will go through that criteria in a second as well as expertise. In terms of costing, when you weigh in the cost of labor, the cost of the technology, the cost to start up, the rent, the telephone bills, the management, the turnover, the recruiting, and you weigh that to a company that does this for a living, it typically costs less.

And then the other thing is [00:56:53] **to build out**—I've done builds and I do help companies do builds. If we do it internally, it'll take us a good year to get off the ground, and that's recruiting the right person on top, picking the technology that integrates with your operating system, selecting the personnel, putting the process together. It takes a good year to get off the ground. If you outsource to somebody who knows what they're doing, you can get off the ground within four to six weeks.

[00:57:24] about outsourcing, there are a handful really good companies around the world that do this and so you just want to make sure that the folks that you outsource to have direct experience in medical devices, that they have a client base that you can interview. Most important for me is

that they record all their calls, and for those of you who are doing it yourself you want to record all your calls, and that's a key thing. And not just the good calls and not just the leads and opportunities and not just the calls that bear the information, you want to make sure you hear the people that aren't interested, that you didn't get any information from. Why? Because you want to make sure that they actually called them and you want to make sure that they did it the right way. I'm okay with losing business and I'm okay with losing opportunity as long as we presented it the right way. That's just the nature of business. So you want to make sure that whomever you work with they're transparent in terms of their activity, that they provide you access to your account 24 x 7 so you can see how many dials per hour they make, how many contacts – they're completely transparent.

We also want to make sure just like we talked about for those of us who are doing internal, we want to make sure that there's rigorous training, rigorous role-play so that before they make calls on your behalf that they're able to execute exactly the way you want [00:58:55] **them to do**. And you really want to look at your outsource company like employees except you're hiring a team. You want to have weekly goals, weekly meetings, improvement sessions, and make sure that every appointment is guaranteed and that there's a QA team that oversees the whole process. And so if those organizations that you're working with, well, those organizations are doing that, then you're in good shape.

So, Joe, I think I'm ready to take questions if you are.

Joe Hage: Tracy has a question and she asks, “What are Mike’s thoughts on inside sales using video to demonstrate complex products?”

Mike Sperduti: I love it, Tracy. I think that that is the next generation of the inside sales process. I think WebEx like what we're doing right now is extremely powerful for a lot of you, so I'm a big fan of it. Again, if it's done the right way, I think it's very powerful.

Joe Hage: We have a question—oh, Tracy says thanks. We have a question. “Can we sell medical devices through a phone call?” And I think the meaning there is, “Are there any considerations about, I don't know, FDA or safety or geographies?” I'll leave it in the broadest possible terms for you to answer.

Mike Sperduti: Sure. As long as you have a license to sell the product and it's legal and it's FDA-approved if it's in the US, then you can sell over the phone. So the same criteria that you would hold to an outside sales process, as long as it

conforms with that you can sell over the Internet, you can sell using direct mail, you can sell at a trade show, and you can sell over the phone.

Joe Hage: I interjected a number of times during the presentation so we don't have too many more questions, but if you do have one go ahead and ask it now. I have about three at the moment. Russ wants to know if you would talk about...you'd touched upon it but talk more about the commission conflict between inside and outside sales.

Mike Sperduti: So if inside sales is going to be a component of the outside sales structure, then there is going to have to be a commission split of some sort between the two organizations because it's going to be incremental expense that needs to be offset from a P&L perspective. So with that being said, if reps are going to share like a commission, the inside rep may get, and there's all different types of splits, they may get a minority share of the commission but they also may support maybe three or four field representatives because you can do a lot more over the phone and you can have a lot more bandwidth. So typically what we see is an inside salesperson supporting more than one rep who gets a little bit of the commission, and the reason why that the outside rep supports that is because now they're lined up with a lot more opportunities. So if you lose 10% of commission but your income goes up by 50,000 dollars, you don't care. And so the outside rep just needs to see that it's economically to their advantage, and that's the part that they don't believe, is that that it's economically to that advantage. Once they see that and it's real, then they'll love the process.

Joe Hage: We got some real doozies coming in here. I think you'll enjoy this question. You and I have had this conversation. Tracy says that in her selling of inside sales, what is the best way to network and help people understand that it's more than telemarketing? You mentioned how telemarketing is a somewhat reviled term and you are marketing and you are using the telephone. So how do you...I mean, I thought this hour was a great way to do that but maybe you don't have an hour of someone's attention. How do you help them understand the value proposition?

Mike Sperduti: It's very simple. If I consider myself a good salesperson or I consider myself a great salesperson, how many customers do I want to talk to every day? The answer is as many as I can. The phone magnifies my abilities tenfold when it comes to introducing myself and my company. So imagine if I have a great salesperson who can drive someplace and make that product or service introduction twice a day and I can now become way

more effective and introduce that process or that product to 10 people a day. All I'm doing is it's not telemarketing, it's just using the phone to sell. It's no different than...you know, sure there are bad telemarketers and there are bad salespeople. What's the different between a bad sales call in a field visit and a bad sales call over the phone? It's the same thing. So the phone just magnifies your power to reach people when it's done right.

Joe Hage:

I like that. I'm not surprised that you had a poetic answer. Our friend Paul, whom you'd met over the phone, writes, "When you are dealing with a complex product, how do you determine how deeply your people go in answering questions versus pushing it to a follow-up from the company person?"

Mike Sperduti:

[Chuckles] That's a great question, Paul. And when I put up that slide about all this stuff that we've worked on from the latest treatment for prostate cancer to a new approach for Parkinson's disease to an MRI or a breast MRI, it's all the same when it comes to introduction and setting the appointment and collecting marketing data. So the key differentiators, the signature accounts, all that information, I can get my 8-year-old to understand that. And Joe, I know your son Zach, I mean he clearly could get a lot of this and he does get a lot of this from a high level just like I do, and I truly always explain to my clients, "I need to know about what an eighth grader knows about what your product does."

But then once I build the rapport and I understand its basic value and I understand the conversation, then realistically what am I looking at? I'm looking at, are they in the market? What competitors are they using? What contract are they on? When does it expire? All those are rudimentary questions. And the people that we're calling, by the way, understand that our job is just to facilitate that initial dialogue. And so when they ask a question, which inadvertently they do, like, "Does your product do this?" or "How does this software compare to the other brand's surgical software that I'm using?" all we'll do is we'll fall back and say, "I know that's important to you because you asked the question. I'm notating that so that way when Paul goes on the appointment I'll make sure he addresses that specifically."

Joe Hage:

Good one. Steve says when he was a purchaser he would not buy via phone. Let's see. If face-to-face show-and-tell was not worth calling on me, then they were not someone who wanted to do business with me. What do you say to that?

Mike Spurduti: I would say that there's probably still a handful of people like that out there, but I'm also going to say, you know, how long ago was he a purchasing agent, by the way? Because while I'm talking...what's his name?

Joe Hage: Steve.

Mike Spurduti: Steve, how long has it been, and could you just type in there and, Joe, as soon as he does, how long have you been out of the...?

Joe Hage: Three months ago.

Mike Spurduti: Three months ago. Okay, well, you know, you're relatively new and you're going to be somebody that we're going to hang up and politely exit the call and we're going to let go. I mean, we just don't see that many people like you.

Joe Hage: Okay. I mean, there's no answer that's going to appeal to everybody.

Mike Spurduti: And I respect that. Well, and here's the other thing: All we're going to do, by the way, with Steve is we're not going to sell over the phone to him. If my product or service justifies a field visit to Steve because his account has the economic viability to support a field visit, then I'm just going to use the phone to set an appointment to come see him. **So I'm going to** [01:08:03]

Joe Hage: Steve, would that work for you or would you find the notion of the phone call...? I mean, I recognize nothing's going to work for everybody but... So as he's typing his answer to that, [01:08:13] **Mya** asks, "Would you recommend making friends with the gatekeeper and try to sell to them or try to get to the decision-maker as quickly as possible?"

Mike Spurduti: [Chuckles] So look, I'm the type of person, and it's worked very well for me and my organizations, you make friends with everybody. People go out of their way to help you when they like you, so I would...you know, everybody talks about the gatekeeper and they have this negative thing...no, you treat them with the respect and you build rapport with those people, you express your value to them and you create that same rapport, and they'll help you get to the decision-maker. It's ridiculous to alienate those people.

Joe Hage: Katya just wanted to give you a thumbs up. She says that a lot of hospitals require onsite product clinical evaluation and the connection between

inside and outside sales is important. From her experience, inside sales is a great way to generate leads for direct field sales.

Mike Sperduti: Love it. She's [01:09:17]

Joe Hage: He got back and said he needed to touch and feel for quality function and sellability. "I would look at any product brought in any time."

Mike Sperduti: Then he's a slam dunk. I'd just do what he wants.

Joe Hage: Okay. Jeff wants to know what differences, if any, would need to be accounted for within the context of your methodology as a CMO marketing to medical device OEMs.

Mike Sperduti: Absolutely nothing. It would be the same methodology. If you're talking to a CMO, then you would need to understand—remember, we just listed those meaningful conversation points—what's meaningful to them right now, what are the high-priority things that they're working on, and what are the latest things that a CMO needs to focus in on, and structure your dialogue around that and they will talk to you.

Joe Hage: Jeff, let me know if that answers your question. And I think to wrap up I'll ask, "What about talking about a team sell model where the inside rep goes after the smaller C&D accounts and field goes after the bigger A&D, the incremental revenue growth would pay for the program?"

Mike Sperduti: I see absolutely no problem with that. I would also see that as a good beta test if there was any hesitancy among senior management to move to an inside sales organization in a commodity-based company. But if it was all things being equal and the product required both an inside and an outside model, then I think that makes all the sense in the world.

Joe Hage: Mike, did you want to close with any final thoughts?

Mike Sperduti: Just I'm really excited. The questions were fantastic. I love the fact that 60% of the audience is using inside sales. I think there's a tremendous opportunity for the 40% to get involved and to watch things, especially now. This is going to get to be a flooded market at some point. People are going to jump more and more onto this bandwagon and it'll get harder and harder. Right now is the time to really start. It's just like email marketing. When you first jumped on email marketing, the response rates were ridiculous. Now it's incrementally harder. So my hope is that everybody will take action, start looking at this because I think it'll make a huge difference in your business.

For those of you who are interested and you still want to talk about your specific company, we are offering a sales process evaluation and modeling session where one of our folks will be able to talk to you about your business and see where the phone fits in. I'll be joining some of those as well. So if you're interested in that—again, we're doing that complementary for anybody that is on the webinar—please reach out to Mike Strange. You see his contact information there.

In addition to that, we're making one other gift to folks. Starting November 12th, for those of you who are interested in turning up your game in terms of inside sales ability, we have our next seven-step sales process, which is a great training program. We'd be happy to share more information with you. That next class starts November 12, and for attending we're giving you 50 dollars off. There's a special code there and if you use that code you'll get your 50 dollars off.

Joe Hage: So these last two slides you shared, that's for folks who have inside sales and perhaps considering you or a company like yours for outsourcing for the folks who have none, is that right?

Mike Sperduti: Well, this one, no, it doesn't matter – even if they have their own. I mean, if you have your own inside sales force and you want to talk about how to do that better, we'd be happy to talk to you about that. We'd also be happy to train your sales team with that training program that we have.

Joe Hage: Okay.

Mike Sperduti: So it's really good for anybody who is on the call. If you have a program or you're looking at a program or you're looking to outsource, I don't care, I just want you to use this tool as effectively as possible.

Joe Hage: Mike, I know I'm speaking on behalf of the folks on the call because they left me private love notes saying that this was really valuable, so on behalf of those who could make the call live and for the hundreds or thousands who may watch this afterward, thank you very much. This is Joe Hage, I have the privilege of leading your Medical Devices Group, and I will see you online. Thanks, everyone.

Mike Sperduti: Thanks, Joe. Thank you, everybody.