

Beating the Elephant in the Room & Winning with the Hospital Value Analysis Committee!

By Thomas J. Williams and Glen Hall



The good news is your product is going to be placed before the Value Analysis Committee (VAC) for consideration of purchase. You are one step closer to getting the business that you covet. The key now is to ensure that the VAC approves your product. Here is a simple ten (10)-step process to assist your selling efforts and ensure there isn't an elephant in the room to stop you.

1. Determine the Type of Value Analysis Committee (VAC):

As we explained in an earlier blog in our experience VACs differ in the following ways:

- Products Reviewed: They can review a wide variety of single products or category specific i.e. Pharmacy, ED etc. or primarily focus on just new technology or high spend items.
- Types of Participants: Focused in one functional area i.e. Operating Room Personnel or interdisciplinary with a wide variety of participants.
- Degree of Centralization: Individual hospital facility team, divisional hospital team or health system team. Each type can have a steering committee and several sub-committees.

2. Determine the Stakeholders & Their Area of Focus

Membership varies from one VAC to another. It's important for a sales representative to know who is on the VAC. Typically, the following members are on a VAC.

- Service Line Leaders/Department Heads: They manage the people that use or supervise the product, service or solution being considered.
- End Users: This may be clinical or technical or both. Increasingly physicians are members of VACs for clinical products.

- Financial Analysts: They provide spend analysis, review cost savings and often the reimbursement.
- Procurement: They provide insight on each of the vendors and handle the entire sourcing process once a decision has been made.
- Others: Think of those that have power, influence and that touch (use) the product.

3. Determine How They Will Make a Decision?

There are a variety of ways hospitals make a decision using a VAC. Here is one example. Suppliers should attempt to determine the decision criteria, their importance and relative weighting to the best of their ability prior to VAC product submission. This allows you to position your product in the best possible way and understand how you may be perceived versus your competition.

Decision Criteria	Rating	Weight	You	Vendor A	Vendor B
Relationship	20	1.0	25	21	27
Outcomes	20	1.0	23	19	14
Cost Reduction Opportunity	20	1.0	17	19	14
Service	20	1.0	14	11	13
Experience	20	1.0	7	10	8
Total	100		86	80	76

4. Find a Product Champion

This should be the easy part. It's the one individual with the right title, power and influence that will promote your product within the VAC and explain why it's essential the committee members endorse the product.

5. Use your Sales Tool -Kit

Provide the product champion with information, knowledge and confidence.

6. Provide the Cost-Benefit Analysis

Understand in advance what financial parameters will be evaluated and scrutinized by the financial analyst, buyer and service line director, department head and ensure your ROI model and other measures of financial return meet their needs. Ensure that you meet or exceed all of the requirements of the clinical stakeholders. Remember hospitals look at value in the following manner:

$$\text{Value} = \frac{\text{Quality}}{\text{Cost}}$$

Examples of quality are clinical outcomes (positive versus those with complications), patient and employee satisfaction and improvement in patient functional status. Costs are cost reductions (in unit or bundled pricing) or cost avoidance by eliminating wasteful practices or unnecessary procedures. Key for manufacturers to understand is whether their product or service impacts the numerator, denominator or both in this equation.

7. Show Clear Product Differentiation

To differentiate is to stand out in a crowded field and to be different in a way that is meaningful to each buying influence. Without differentiation, the status quo looks pretty good and there is no reason to consider your product, service or solution.

Differentiation can be accomplished in many different ways. Don't be afraid to be innovative in your approach to differentiate yourself. To be effective you must be relevant and meaningful to each individual buying influence. As you engage with each stakeholder as they proceed through the buying process constantly think about how you will provide meaningful and measurable differentiation. Your differentiation has to be clearly articulated so that it resonates with each buying influence and allows them to clearly see why you, your company or your product is meaningful. Stand out in a positive way, be persistent and earn the business.

8. Provide the Evidence

If evidence is required and increasingly it's an important part of the decision process ensure its accurate, relevant, timely and provided by a reputable third-part source. There are two views of clinical evidence that show an improvement in patient outcomes. One view shows strong evidence of an improvement in clinical outcomes while the other view shows weak evidence or no evidence of an improvement in clinical outcomes.

Strong evidence is evidence that is published in a peer review journal. Weak evidence are end-user testimonials and pure marketing materials.

9. Provide a Story to the Product Champion

People remember stories more than facts, figures, graphs, tables and narratives. Think like a child. They tell great stories. Provide a story to your product champion to tell the VAC that differentiates your product or service, drives business outcomes and creates a sense of urgency in the buyer. Ensure the story is powerful enough to resonate and be remembered.

10. Manage the Product Evaluation (if required)

Not all products require a product evaluation. If your product requires one, here are some sample questions to consider:

- What product needs to be evaluated?
- Who are the users that will evaluate the product?
- In which locations of the hospital will the product be evaluated and for how long?
- How will the hospital staff be trained? What are the time requirements?
- What vendor support is required?
- What evaluation tool or process will be used?
- Who on the VAC team is going to analyze the evaluation data and present it?
- How will the committee make a product selection? What are their options?

Parting Thoughts

Value Analysis Committees have increased the number of stakeholders involved in the purchase of a product, service or solution, lengthened the sales cycle and created an environment of uncertainty for the seller. What used to be a simple process of introducing a product into a hospital has become a complex process that requires time, patience, the engagement of multiple stakeholders and learning a whole new process to earn the business. This is the last of our six blogs on Value Analysis Committees. We hope that you have found them useful.

Authors: Thomas J. Williams and Glen Hall

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Our Book- [*Selling to Hospitals & Healthcare Organizations: A Glossary of Business Acumen & Personnel*](#) is Available on Amazon, Create Space and Kindle

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