

## Ten Dreaded Words Every Hospital Sales Rep Hates to Hear!



**By Thomas J. Williams and Glen Hall**

The words “Your Product Must Go Through the Hospital Value Analysis Committee!” creates angst and anxiety in most hospital sales representatives and fear and paranoia in others. Why? Because everyone knows the sales cycle just got longer and a lot more complicated. To avoid consternation, however, we would like to offer some practical advice that’s better than wine or whiskey and a whole lot healthier. This will be the first of six different blogs on Value Analysis Committees that we hope our readers will find useful.

### **What is Value Analysis?**

“Value analysis is a functionally oriented process which seeks to determine the best and most economical procedures, products, equipment or services that will reliably and technologically meet the needs of the user while reducing the overall cost involved.<sup>1</sup>”

The key words to focus on here are “the best and most economical” and “reliably and technologically”. Notice it doesn’t say buy the cheapest but it does imply buy value.

## Myths of Value Analysis Committees (VACs)



Before we talk about the basics of a Value Analysis Committee please allow us to break some myths. We define myths as stories that are a widely held but false belief or idea that is discussed over and over without any facts behind it. Here are some examples of myths relating to Value Analysis Committees.

### *Myth 1: They are Only Cost Analyzers*

Reality: While cost reduction and cost avoidance are key components, it's equally important for that to be taken in context with the quality of the outcome obtained with the product, service or solution being evaluated.

### *Myth 2: Value Analysis Committees (VACs) only apply to medical/surgical areas of the hospital.*

Reality: VACs are showing up in all hospital departments and can encompass every item or service purchased in the hospital.

### *Myth 3: VACs are only a Gatekeeper Whose Mission is to Keep Me Out!*

Reality: VACs are designed to ensure the hospital is buying the right product for the right reasons at the right price in the right quantities for the right areas for the right reasons. Think of it as a check and balance system. If this was your business wouldn't you do the same thing?

### *Myth 4: Price is All They Care About!*

Reality: Price is always a factor in every purchase decision just like it is to every buyer but it's not the only factor.

### *Myth 5: If I Provide Enough Clinical Studies My Product Will Get Approved!*

Reality: Not all evidence is equal in value. Some evidence is decidedly biased and therefore not very useful. We will discuss evidence in future blog.

## **Value Analysis is a Norm in Most Organizations**

There is a common miss-conception that Value Analysis is a new concept and therefore a huge barrier put in place to make selling difficult. This is false. Value Analysis is a common practice in most Supply Chains in most industries.



## Value Analysis Committee Attributes

Every VAC we have seen has the following attributes:

- Systematic & objective
- Data & quality driven
- Customer focused
- Patient centered
- Promotes safety
- Interdisciplinary

## VACs Differ in Three Important Ways

In our experience VACs differ in the following:

- Products Reviewed: Single committee or category specific and new technology versus spend.
- Participants: Focused in one functional area i.e. Operating Room Personnel with associated 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.



## Composition

Membership varies from one VAC to another. It's important for a sales representative to know who is on the VAC (more on that in a future blog). 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 users or both. Increasingly physicians are members of VACs for clinical products.
- Financial analysts: They provide spend analysis, review cost savings and often verify the reimbursement codes and amounts.

- Procurement: Their job is to manage the entire purchasing process and manage the vendor relationship.
- Others: Think of those that have power, influence and that touch (use) the product.



**KEY  
FACTS**

**Key Facts to Know**

Every VAC operates from a Hospital Policy and Procedure. Ask if you can review the document or better yet have a copy. You might be told “no” but you won’t know until you ask.

VACs have a defined meeting schedule. They usually meet once per month. Schedules are often available for the entire year.

Meeting length varies but most meetings last an hour.

Meeting agendas vary by organization and are typically distributed one week in advance to all the members. A typical agenda covers the following topics:

- Old Business
  - Savings
  - Results of Product Evaluations
- New Business
- Action Items
- Future Meetings
- Minutes Recorded

**Parting Thoughts**

Value Analysis Committees are not going away. As hospitals mature in their use of VACs they will increase their use and level of sophistication. We expect the role of the seller will become much more difficult and demanding as this occurs. Sellers would be wise to increase their VAC acumen and ability to navigate this important committee. This is the first in a series of six blogs on VACs.

1. Association for Healthcare Resource and Materials Management

As always, we welcome your thoughts and input. Let’s start a discussion and elevate the sales profession with a thoughtful and informative discourse.

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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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