WHITEPAPER

5 Habits of High Performance Laboratories

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Healthcare Relationship Management

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5 Habits of High Performance Laboratories

Despite mounting competition and ongoing reimbursement challenges, high performance laboratories continue to thrive by embracing new concepts that keep them at the forefront of the industry.

What are the critical habits driving their ongoing success?

In 2013 and beyond, to remain competitive in the face of the most significant transformation in the history of the modern healthcare market, labs must employ new strategies and tactics to drive increased value. In addition to outlining the five habits of high performance laboratories, this whitepaper details common challenges and new approaches to optimizing client service, internal operations, and overall lab performance.

Widespread Lab Industry Challenges & Common Obstacles

While the vast majority of industries have long recognized the direct correlation between caliber of client service and profitable business growth, the clinical laboratory industry has emphasized internal clinical processes while strategic, proactive client relationship management has suffered. Historical emphasis has been on measuring and managing clinical excellence while the process for gauging and improving client service levels has remained largely anecdotal. In some cases, a client may be lost without the lab's executive team having known that the client was experiencing what they perceived as unacceptable service issues.

Heavy investments have been made in lab instruments, clinical technology, and process improvement to achieve test quality and turnaround time requirements on par with competitors. Although this investment is mandatory, clinical excellence alone will not result in breakthrough performance for your lab. In reality, strong internal clinical processes and measurement are merely the ticket for admission. To compete for lab clients against competitors who claim to deliver on that same value proposition, labs must be able to clearly differentiate their service and value-added services from the competition. In order to succeed in the face of transformative market forces, including reducing reimbursements and the shift from quantity to quality-based care, growth-oriented laboratories must do more than simply deliver accurate test results within the specified turnaround time. In addition to clinical excellence, labs must gain a competitive edge by making every provider feel like their most important client and delivering on the promise of service excellence.

Yet the following challenges that are consistently faced by today's laboratory executive team make it difficult for labs to deliver on the promise of exceptional service:

Healthcare Lacks Strategic Relationship Management Capabilities

Historically, healthcare entities have focused on and exceled at managing internal clinical processes alone. Although client service is always considered a priority, the reality is that individuals spanning the lab must serve client needs through coordinated, collaborative efforts and the lab has not invested into the solutions required to support this approach to serving clients. While effective internal clinical processes are mandatory for providing patient care, healthcare entities today must also optimize their relationships and communications with all constituents across the continuum of care to deliver high quality patient outcomes and meet federal mandates. Healthcare entities, including labs, must operate in a coordinated manner to improve the quality of healthcare and the patient experience while reducing costs.

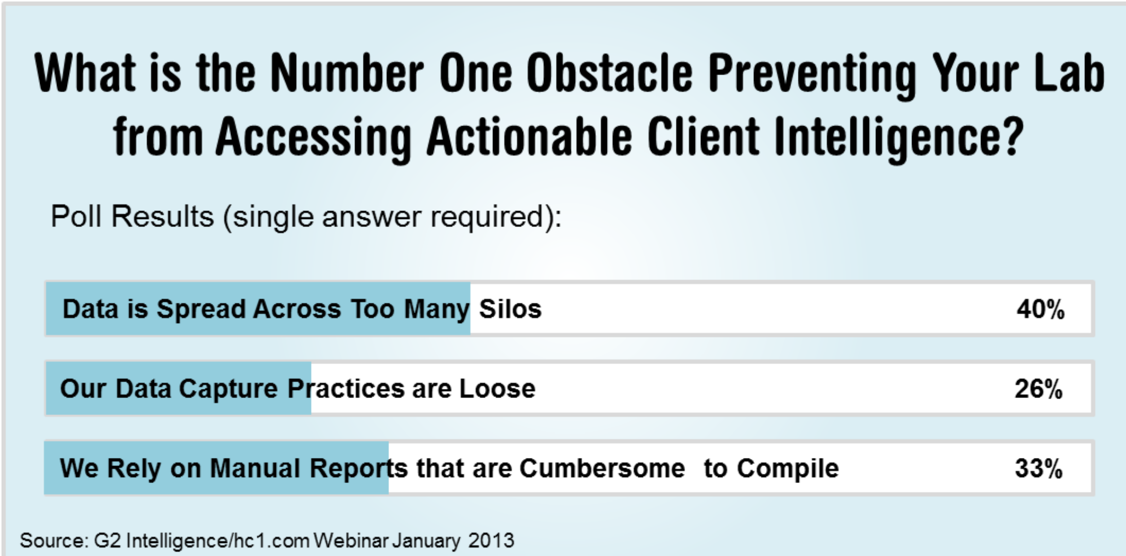
As non-healthcare industries have widely adopted customer relationship management (CRM) solutions in order to proactively manage their relationships with customers, partners, and other constituents, healthcare has generally failed in its attempts to take these "generic" systems and adequately customize them to suit their unique requirements. These "off the shelf" systems lack the functionality necessary to accommodate the complexities of the laboratory market, which requires the ability to capture both clinical and business activities within one unified solution. Even after costly customization, generic CRM systems typically capture only 10% of the client picture given that they are limited to business activities (phone calls, emails, basic opportunities, etc.) and they completely lack the ability to capture clinical activities—let alone the ability to associate business activities and clinical activities in an intelligent and useful manner. The only way to gain the true 360-degree view of each provider relationship that high performance labs require is by accessing clinical and business transactions within one unified solution.

Lab Client Data is Spread Across Silos

Given that up to 80% of all diagnostic decisions are informed by lab test results, optimizing the relationship between labs and healthcare providers is essential to improving healthcare. Yet all too often laboratories are managed by various departments running myriad disparate data systems and silos making the prospect of capturing a comprehensive client view a daunting proposition.

According to a January 2013 survey conducted by G2 Intelligence and hc1.com, among representatives from approximately 100 laboratories, 40 percent of respondents indicated that data silos are the number one obstacle preventing their lab from accessing actionable intelligence.

Another 33 percent indicated that their lab's reliance on manual reports hinders their ability to quickly access intelligence to drive proactive relationship management.



Considering that a typical lab's quality review cycle occurs every 90 days to 120 days, and the reports that are reviewed have been manually compiled in arrears by lab employees, client issues often go unresolved for weeks or even months, during which time the client may engage a lab competitor or established an in-house method of testing due to issues that went undetected by the lab.

External Factors Pose Major Threats to Growth

Of the top 100 independent laboratory corporations, Quest Diagnostics and LabCorp perform a total of 669 million tests per year compared to 576 million tests for the other 98 laboratories combined. Additionally, access to new physician office clients who are being acquired by health systems, the ability to retain and expand market share is increasingly difficult. While the competitive landscape continues to pose challenges for growth-oriented labs, the reimbursement landscape is becoming rockier than ever. Additionally, the federal government, as reflected by recent healthcare reform legislation, is committed to shifting healthcare services from the traditional fee-for-service to a fee-for-value paradigm. This shift places laboratories under significant scrutiny to avoid redundant and unnecessary tests while keeping cost per accession down.

In response to these disruptive forces taking place in the broader health care system, laboratories must adopt value-driven strategies that transform diagnostic transactions into powerful intelligence that positions the lab as a strategic partner to providers rather than merely a commodity provider of lab testing services.

Habit #1: Gain a 360-Degree View of Every Client

Despite the widespread challenges outlined above, high performance laboratories are embracing effective strategies that have been proven to enable exceptional client service by delivering the real-time healthcare intelligence necessary for labs to proactively manage their relationships. And it all starts with gaining a 360-degree view of each ordering provider. A 360-degree enables your lab to:

- ✓ Immediately access real-time, actionable information covering <u>every facet</u> of each client relationship from a single location.

- ✓ See 100% of your interactions with every client. While generic customer relationship management (CRM) systems only capture about 10% of the picture, even after costly customization, a lab-specific CRM captures both the business activities <u>and</u> clinical activities required to create a 360- degree view of your client relationship—without requiring any customization. The business and clinical intelligence captured is instantly available to all designated users, providing an ongoing, 360-degree view of each provider.

- ✓ View relevant information based on the specific needs of the individual user. For example, your lab's sales executives would likely want a daily view of which clients' orders are trending up or down, whereas operations staff may desire a global view of client trends and patterns.

For many labs, attempting to gain a complete picture of each provider requires too much time and energy on the part of the individual trying to access it. In a recent survey conducted by G2 Intelligence and hc1.com, over 50 percent of respondents indicated that they must log in to more than four separate systems to access the data they need to effectively do their job. Common systems include LIS, billing, sales, and client service systems, which collectively store an abundance of critical data. The hunt for key information spread among multiple locations often results in two unfortunate situations: an inefficient resolution is put into place because the root cause is too difficult to pinpoint. Or too much time transpires during the process of hunting down data, causing an already strained relationship to progress to "crisis mode."

The only way for labs to confidently and consistently deliver tailored, timely service to each client is by accessing a holistic view of all client activities and associated intelligence in **real-time**. This means that all stakeholders can view a 360-degree view of every client at anytime, from anywhere, and at the click of a button.

Take for example Alere, a fast growing toxicology enterprise that operates nine laboratories across the country. With multiple LIMS, distribution warehouses, and customer service centers, aggregating client data in order to deliver a unified experience proved to be considerable challenge. Using a lab-specific CRM, the organization has now unified disparate systems from all locations, bringing data together into a holistic, meaningful view. Without having to replace existing systems or place a burden on its IT staff, Alere is now able to use its cloud-based CRM solution to seamlessly access the intelligence necessary to provide a consistent client experience across all locations.

"All of our metrics and the intelligence related to a particular account is viewable across a spectrum of departments," says Scott Taillie, Alere VP of Marketing and Business Development. "Every activity for each account is tracked on both the business and clinical side, providing a holistic picture that enables action. We can immediately respond, promptly handle the issue, or, if necessary, pass the follow-through on to another department and track their resolution. This global view has allowed us to deliver the highest level of service while eliminating any grey area between what a provider might think is happening with their account and what is actually happening."

> "Every activity for each account is tracked on both the business and clinical side, providing a holistic picture."
>
> Scott Taillie, Alere

Habit #2: Free Up Valuable Time & Resources

Improved productivity is an objective shared by most laboratories, especially in an era where labs are routinely trying to find ways to "do more with less." Without a doubt, one of the largest strains on productivity is created by disparate systems and the manual steps involved with scrubbing, compiling, and reviewing data from multiple sources. Some labs may even employ teams of analysts whose sole responsibility is to bring together data silos into top-level reports.

The reality is that simply compiling data often takes more time and energy than formulating the plan to act on it. In addition to the reactive nature of this approach, human error also proves to be a major obstacle. The more people touching data, the more likely it is that problems will be introduced. So while your lab executives *can* access client reports, the unfortunate reality is that the information received is often outdated and inaccurate, having been compiled through weeks or even months of manual effort. At the end of the day, time spent running reports and / or wading through information during constant “status” meetings only takes energy away from client service.

High performance labs have eliminated these time consuming, error-prone steps, instead replacing manual processes with up-to-the moment intelligence–including intelligence and trends related to a specific client or across the entire organization–that is instantly available to anyone who needs it.

With a lab-specific CRM, these timesavings extend to all users. Routine—yet often time consuming—tasks such as looking up results, verifying demographic information, and preparing for client meetings become proactive actions that take place at the click of a button. Sales opportunities are created in moments using lab-specific opportunity valuation functionality that provides panel-specific and specialty-specific revenue calculations.

US Health Group, a premier provider of comprehensive clinical qualitative and quantitative urine drug testing, medication monitoring and support services across twelve locations, has virtually transformed its internal reporting and communication processes, resulting in more time to focus on strengthening the quality of patient care and client relationships. Using their lab-specific CRM solution, reports that previously took nearly 40 hours each week to compile are now immediately available at the click of a button to *anyone* within USHG who needs the intelligence. According to USHG Data Analyst Coordinator Marisa Manley, the company has produced 20% productivity gains by accessing a real-time view of all clients, activities, outcomes, and communications. “The instant visibility we’ve gained throughout our laboratory has given us confidence that everyone is focused on the right actions, which in turn leads to better internal alignment and a consistent client experience,” says Manley.

> “The instant visibility we’ve gained throughout our laboratory has given us confidence.”
>
> **Marissa Manley, US Health Group**

Habit #3: Leverage Critical Intelligence to Drive Decisions

A lab-specific CRM that includes healthcare business intelligence (BI) capabilities takes data-accessibility to new levels by providing instant visibility into essential outcomes via a user-friendly format that can be assessed in moments. By delivering intelligence and trends through intuitive charts and graphs that include drill-down capabilities, a lab-specific CRM enables your lab to leverage critical intelligence in the most efficient manner possible.

With the ability to view the performance of all clients or specific providers over specified date ranges and customize data sets by sorting, grouping, and filtering, your lab is able to quickly pinpoint areas of success or improvement.

How Sales Benefits:

- ✓ Forecast with confidence by gaining a view into sales pipeline by stages / regions.
- ✓ Recreate success by measuring return on activity and helping sales reps spend time in the right places.
- ✓ Keep a finger on the pulse of ongoing client needs with an instant view of recently resolved or outstanding issues.

How Service Benefits:

- ✓ Quickly evaluate how new or tenured client relationships are trending with a view of order volume and TAT trends.
- ✓ Help service reps prioritize accounts and confidently resolve issues.
- ✓ Immediately and accurately respond to client needs while discovering opportunities for internal improvement and provider training. View cases and issues by nature (lab-related or provider-related) and type (i.e. TAT complaint, lost specimen).
- ✓ Save valuable time by viewing orders and results, with the ability to quickly drill-down into specific orders based on order ID, patient name, provider name, or organization.

How Operations Benefits:

- ✓ View overall order volume and TAT by departments, regions, and specific location.
- ✓ Pinpoint trends in won and lost opportunities while gaining an accurate view into future revenue.
- ✓ View upper and lower limits on actual TAT or sort by TAT from accession to result or order to accession and more.
- ✓ Evaluate cost per test, reimbursement, and volume from a single visual.

At Manhattan Laboratories, a leading-edge clinical laboratory performing 1.5 million billable tests annually within its core lab, sales reps are even able to instantly access lab-specific business intelligence tied to their healthcare CRM directly from the field. “The business intelligence features of our healthcare CRM give us quick insight into what we’re doing with each client, such as turnaround time for specific tests running each day,” says Laura Johnson, Manhattan Labs VP of Marketing. “Our sales reps find it very easy to use on sales calls because it’s also accessible on their iPads.”

In addition to intuitive dashboards, a lab-specific CRM with configurable alerts can immediately notify the appropriate team members of critical changes. For example, a sales representative preparing for an onsite client meeting may receive a morning alert that the client’s average TAT is not meeting the client requirement. Armed with this knowledge, proactive steps can be taken to pinpoint the issue prior to the meeting, allowing the sales rep to arrive with a pre-defined resolution plan.

With a comprehensive, healthcare-specific CRM solution, labs can eliminate these obstacles by gaining an effective way to quickly organize and access critical intelligence regardless of the source systems or the number of labs that have been acquired.

> “The BI features of our healthcare CRM give us quick insight into what we’re doing with each client.”
>
> Laura Johnson, Manhattan Labs

Habit #4: Create Lasting Relationships

The internal efficiencies and knowledge gained from utilizing a lab-specific CRM serve one overarching purpose for your lab: to consistently deliver the highest level of service possible.

In order to deliver the kind of service that leads to stronger retention rates, new clients wins, and overall growth, your lab must translate the endless data contained in various systems – spanning your LIS, operations, customer service, marketing, billing, finance, and logistics – into real-time intelligence. Without access to real-time healthcare business intelligence, how will your lab quickly pinpoint important trends related to volume, TAT, provider-related errors, lab-related errors, and more? How will it efficiently diagnose the root cause of client issues while staying a step ahead of provider needs?

South Bend Medical Foundation, which employees a staff of 800 and provides a wide range of top-quality, cost-effective medical laboratory services for communities in Indiana, Michigan, Kentucky, Ohio, and Illinois, utilizes its lab-specific CRM in order to keep sales and service departments in lockstep with respect to client needs. Gone are the days when field reps might enter a client meeting unaware of a recent issue with a valued client. Rather than waiting weeks or months to identify client needs, SBMF can view client status anytime and from anywhere. Sales team members have the insight necessary to provide individualized service to each client and can confidently attend provider meetings with up-to-the moment intelligence, such as order volume, turn around time, or outstanding issues.

“Many times, labs are looking at critical information so far in arrears, the window for taking action has closed,” says SBMF Senior Vice President Bob King. “Now we can instantly access intelligence enabling our team to proactively address client needs. We are able to use what we learn in order to generate growth through client success.” With a real-time pulse on each provider’s specific needs and their lab’s performance, SBMF has created a formula for winning more clients and serving them for life.

> “Now we can instantly access intelligence enabling our team to proactively address client needs.”
>
> **Bob King, SBMF**

Habit #5: Deliver Ongoing Value to Clients

In today’s highly competitive laboratory landscape, becoming a strategic partner to clients isn’t optional. Providers are demanding that labs become true partners—strategic extensions of their healthcare organizations. This means helping providers pinpoint opportunities for improvement, quickly providing them with the intelligence necessary to deliver the highest level of service, and making it easy for them to communicate with the laboratory on important issues.

At Hospitals In-Common Laboratory, Canada’s only not-for-profit, full-service medical laboratory tests brokerage, the staff must efficiently manage 1,500 specimens a day coming from over 500 sites while providing instant support and ongoing value to clients. Using its lab-specific CRM, HICL has gained a holistic view of all activities related to each client, including each business and clinical activity associated with a specific provider.

This intelligence enables HICL sales, service, and operations departments to log in online and instantly see what’s valuable to them via intuitive dashboards. From there, HICL staff is able to quickly take any resulting actions, such as logging a case to proactively let a provider know of a TAT delay. Each action taken by the HICL team becomes part of the provider’s history that is available at any time, from anywhere, and at the click of a button. Clients can even track and view their referral tests in real-time and seamlessly communicate with the HICL team regarding important topics such as turnaround time, order status, and supply needs – without any special hardware or software required. Ordering providers are able to access information on a self-serve basis, eliminating

> “We’re now able to efficiently and effectively manage our relationships while optimizing internal operations.”
>
> **Kris Bailey, HICL**

delays in communication.

"With the right solutions in place, we're now able to keep a real-time pulse on the critical intelligence necessary to efficiently and effectively manage our relationships while optimizing internal operations," says HICL CEO Kris Bailey.

Closing

In order to achieve the highest level of performance, labs must achieve outstanding client satisfaction, retention, and growth. The only way to accomplish this level of performance is to establish a real-time, 360-client view of every client relationship. A holistic client picture that marries business and clinical intelligence arms key stakeholders with the knowledge necessary to provide proactive, superior service that translates into stickier, more profitable relationships. With the ability to focus on monitoring and improving performance relative to key value enhancing benchmarks, all stakeholders are able to drive the actions necessary to increase lab value and achieve a successful outcome through investing in the diagnostic laboratory market.

About hc1.com

hc1.com is the ultimate cloud-based healthcare CRM solution that is positively transforming healthcare by optimizing the way healthcare organizations manage their relationships across the continuum of care. A winner of the 2013 Red Herring Top 100 North America Award, the company works with over 500 healthcare leaders across the globe. Learn more at www.hc1.com.