



Healthcare Marketing

Referral Marketing

Many healthcare organizations today rely on mass advertising and marketing campaigns to get their organization or message in front of a particular target audience. This technique may help to build name recognition and brand awareness, but also it involves a large degree of inefficiency and waste. For instance, this technique may generate interest, but some inquiries may actually be looking for a product or service your organization does not provide, wasting valuable time and resources.

Instead, what if your organization could obtain all the business leads it could handle by referral? Today, healthcare entities - whether they are vendors, physicians, hospitals or health plans - realize that referral marketing has many advantages. It brings in clients at little or no cost. A single referral can generate a series of leads, as satisfied customers tell other people they know. Referrals are usually more trusting individuals, not skeptical of the value of your organization because they are confident in the person, friend or business associate that referred them. As a result, these leads are easier to bring into the fold as potential clients or patients. In short, referrals are an effective means of lead generation.

Healthcare is a very personal and private service that inherently relies on trust, bonds and personal recommendations. Perhaps more than any other industry, consumers rely on word-of-mouth marketing and referrals to find quality doctors and healthcare specialists. Healthcare business-to-business sales also rely positive referrals and word-of-mouth.

Why then do many healthcare organizations feel as though they are not getting enough referrals? And how do they go about increasing the number of referrals they receive? Experts say less than half of all organizations have a systematic referral program. An organization must develop a planned and active approach that relies on several diverse sources in order to receive a steady stream of referrals.

Most of the following techniques are used in business-to-business selling situations, but providers and health plans can still benefit from referrals, networking and word-of-mouth marketing principles. Here are several steps to launch a referral marketing program:

Audit your current referral program

Before you make any changes or draft a new referral plan, take inventory of your current referral system. Surely your organization has received calls from potential clients or patients who said they got your name from a friend or associate. Here are some important questions to ask yourself:

- How effective is your current means of generating referrals?
- What percentage of your clients/patients/members has been obtained

- through referral?
- What percent increase do you think you could reasonably achieve?
- Do you know your current clients/patients/members' satisfaction level?

This assessment will allow you to take inventory of your program's strengths and weaknesses. Perhaps you will see that your referrals are coming mostly from a particular person or during a certain time of the year, for instance, right after a particular industry trade show. Identify areas of improvement. Perhaps you will decide that your entire team needs the quality and consistency that a formal referral training program can provide.

Many people have a professional "shyness" about marketing themselves, especially individual providers who feel awkward about hyping their practice. But physicians can take advantage of a referral-marketing plan in many ways. For instance, they may feel more comfortable promoting their practice via consumer-oriented services. For instance, a gynecologist may promote a class specifically for new or prospective parents.

Take inventory of your "Network"

Your network is a strategically selected group of people on whom you can call as organizational needs arise. It should be a diverse, balanced and powerful "rolodex" of resources, people from all aspects of the healthcare industry that can help provide the referrals, knowledge, and support you need in key areas of your organization. Physicians may want to network with other specialists. Health plans should become familiar with benefit consultants, as well as brokers.

Expand your network

In order to get a referral, your network must be relatively well developed. Obviously, current clients are a potential source, but diversify the groups and professionals that you rely on. If you're serious about generating business through referrals, your network should also include a mix of networking organizations, including a chamber of commerce, a strong-contact networking group, community service organizations, professional and trade associations, and social clubs. There are many healthcare industry associations that you can consider - local medical associations, health plan and hospital organizations, as well as consumer healthcare groups.

Join a professional networking group

One referral source that deserves further explanation is the strong-contact networking group. This type of group allows only one member per profession and usually meets weekly to discuss the members' businesses and organizations, and to exchange business leads and referrals. Each week, you give a short description of your business; the information must always be different, so members can understand different aspects of your company. These meetings give you an opportunity to provide helpful business background and to build trust with other members of the network. This type of group has the potential to pay off handsomely if you are as committed to providing referrals as you are to receiving them.

In one particular group, a dentist educated members about various aspects of dental hygiene each week. The information he covered established his professional credibility, and led many of the group members to switch to him. When they found out how gentle and caring his chair-side manner was, word of mouth traveled even

more. Needless to say, he has a very busy dental office.

Ask for referrals

You may already feel well-networked within the healthcare industry. You're having lunch with different contacts every day, but a referral gap can still exist if you are not actually asking for business referrals. Simply put, don't wait for referrals to come to you. Ask the tried and proven question, "Who do you know who needs...?" Don't make this a yes-or-no inquiry. "Do you know anyone who needs a hospitalist program?" If the answer is no, that's the end of the conversation. Instead, ask open-ended questions, such as "Who do you know who needs to improve their hospital performance?" This technique can help you generate more leads by opening a discussion.

Provide incentives

Give a prospective referral source an incentive for sending referrals your way. Simple recognition can sometimes be enough. Perhaps the incentive is a mutually beneficial program of exchanging business leads and referrals. But some organizations actually outline monetary rewards or a discount plan based on business generated.

Although the process by which people select providers is largely influenced by insurance coverage and network access, there are still referral methods that can work within these constraints. Physicians can start a new patient referral program, informing current patients via postcard mailers. When a new patient comes in, they would be asked if someone referred them. If so, the doctor would send a thank you letter and gift certificate to that source. Hospitals, likewise, have referral programs that offer incentives to physician organizations and groups that send patients to them.

Make it quantifiable

Track the people you know and the results you get. This can help you focus on referral sources that are more effective. In addition, you will definitely incur costs associated with developing relationships and generating referrals. Business lunches, travel, conference fees and association dues can all add up. Budget for networking and referral marketing in your business plan, and continue to proactively commit time to this endeavor. Some organizations dedicate as much as 50% of their time in this area. Others who must balance new business generation with current business demands allocate 10% of their time to lead generating activities. By making sure that every individual is trained in referral marketing, you can leverage your entire workforce toward this goal. In the end, this investment and strategy will be well worth the effort.

Have a commitment to follow up

So you've gone to a professional networking group; you've attended an industry tradeshow. You even have a handful of business cards to show for it, but where do they go from here? Perhaps the cards sit in the bottom drawer of your desk, or in the "I'll get to it later" pile. In order to develop your network, nurture relationships and ultimately see referral results, you must follow-up with every contact you make. Schedule networking contact follow-up on your calendar, just as regularly as you allot time for current business needs. Perhaps the most important thing to remember, however, is networking is not selling. If you try to sell a network contact

too soon, you may actually work against your ultimate goal of building a long-lasting and trusting relationship.

Manage word-of-mouth

Most people think that if you do a good job, people will hear about it. Actually, this is not true. Usually, stories at the opposite ends of the spectrum get more attention - atrocious or superior. How many times have you heard customer service horror stories? Or perhaps you heard about Nordstrom's famous customer service story reported in the Wall Street Journal. An irate customer demanded her money back for a set of tires she was dissatisfied with. Nordstrom responded by refunding her the full purchase price. What's so astounding? Nordstrom doesn't sell tires. The company was so concerned with managing negative word-of-mouth, that they refunded the tires even though they didn't sell them to her. The result - the company received a lot of positive word-of-mouth marketing. Outstanding products and service do get recognized and do get more business!

In healthcare, consumers are beginning to make more of the decisions regarding their care. For instance, they have more say in the hospitals they go to for services, especially if their health plan has a tiered pricing system. As a result, hospitals can benefit from making sure patients and physicians are satisfied and feel comfortable referring people to their facility.

During open enrollment, likewise, health plans are also wary of what's going around via word-of-mouth. Are your members comfortable with referring family and friends to your plan? If you don't know, you should.

The future of referral marketing

Networking may seem like a thing of the past, especially with today's high-speed Internet connectivity and mobile computing capabilities, but the fact remains that building strong business relationships is more important than ever. After all, competition is not the only factor in the business world. We must also learn to share - through ideas and referrals built on trust and positive bonds between professionals.

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