

Health Care Market Strategy, Fifth Edition

Transition Guide

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Overview

Health Care Market Strategy 5th edition is about the linkage between strategic thinking and marketing execution. Unlike much of the traditional business world, many executives in hospitals, clinics and systems, see strategic planning and marketing as two very different functions which are often disconnected. Throughout the book, examples from health are presented along with multiple references to companies like Apple, Amazon, Target, and Marriott hotels as well as health care organizations.

Each chapter has been updated to reflect the changes that are occurring in health care including health system growth, mergers, new treatments, new emerging venues for the delivery of care and payment reform. The text supplies tools and models to create strategies to deal with whatever changes might be on the horizon.

Chapter 1

Strategy Development and the Strategic Mindset

This chapter is about a framework successful organization have in place as they embark on a strategic and marketing path. Agility, and an open-minded attitude is the focus of the chapter, using real world situations both inside and outside of healthcare. Examples include, Issues with the IBM Watson artificial intelligence project, to the explosion of health-related websites, and the personality of Steve Jobs the founder of Apple, will set the stage for the chapters that follow.

Chapter 2

Understanding the Strategic, Business and Market Planning Process

Fundamentals. Basics. What should a strategic process look like from highest level down to the most tactical activities. Within this chapter is a mythical story how strategic thinking, business planning and market strategy should work. This chapter is designed to create a common understanding of what the strategy/marketing process should look like. And the chapter clarifies the role of the Chief Executive Officer vs. the role of the board.

Chapter 3

The Challenge of a Competitive Marketplace

The health care environment is always in a state of change that affects strategy. In this edition, previous users of this text will observe significant updates and additions. The demographics in the U.S. are requiring that a multicultural perspective be reflected in the marketing plans of all healthcare organizations, and these data are explained in this chapter along with some dramatic implications. Similarly, the aging population, a trend that has been recognized is also further explored in a more detailed discussion as to the strategic implications as well as some necessary tactical responses.

The health care landscape is changing with regard to the number of mergers and acquisitions that are occurring. This trend has continued to increase. And, the impact of this force along with global competition, and ever more prevalent transparency of both quality and pricing are factors that make strategy more complex. These factors are described in detail in chapter three.

Finally, throughout this chapter, the impact of technology as a major environmental force impacting consumers, providers, and competition are a part of each section of this edition's discussion. For there is potentially no one element that must be recognized in any strategic discussion as impacting the parts of any health care organization.

Chapter 4

Step 1: Conducting the Internal / External Assessment

This chapter is about using facts and data to create an opinion vs. having an opinion without facts. Prior users of this text will observe new sections that further enhance this discussion of conducting the Internal/external assessment. Particularly, there is an important addition in the development of Scenario Planning to aid in the creation of alternative environments in the planning process. A discussion regarding the misuse of SWOT (strengths, weaknesses, opportunities and threats) is reviewed alongside the value of using an alternative method such as Five Forces Analysis. A third strategy model has been added for readers "Blue Ocean Strategy" which focuses strategy planners to consider opportunities in uncontested market space as opposed to fighting for share in existing market. Numerous updated tables and charts are presented that organizations can use to create their own database from which conclusions and opinions can be made.

Chapter 5

Step 2: Creating the Mission, Vision, and Critical Success Factors

It is the goal of chapter five to help organizations create a mission that is honest and a vision that is clear, and attainable. In health care, it is often difficult to achieve these goals. Mission should be an honest statement of what an organization does every day. Vision is about the future. The board of directors in consultation with management, has ultimate responsibility for both of these items. Often times this function becomes muddled.

Looking at organizations such as Medtronic, Amazon, Macy's, Allina and others, this chapter is focused on the importance of clarity not fluffy generic abstract thinking. In order to get the best thinking the book provides several specific methods to have group conversations, based on data and focused on getting organizational consensus.

Chapter 6

Step 3: The Strategy Action Match

This is where the book converts from forming strategy to implementing tactics. The goal here is to provide an organized model we call The Strategy Action Match, to look at a situation and deploy activities that match to different scenarios. For example, the strategies an organization would use if the community is growing are very different than when a community is declining. This model is unique to this book. Prior to an in-depth discussion of the Strategy-Action Match, this chapter presents an overview of three strategy models: the BCG matrix, the General-Electric-McKinsey Model, and a new added discussion on the Ansoff Product-Growth Matrix. This last model provides a view of possible growth opportunities by considering paths to growth by considering either new services or new products or services versus existing services or existing service trade-offs. The Strategy Action Match is very specific in terms of suggesting the right tactics based on market conditions. The balance of this chapter presents the range of strategic options with new and updated examples using this model.

Chapter 7

Step 4: Determining Marketing Actions

Achieving marketing goals are based on developing effective tactics. This chapter focuses on the components necessary to formulate those tactics. For any health care organization, service quality is essential. And, in this edition, transparency is growing in such a way that it must be considered in the formulation of strategy. This discussion on transparency is presented in depth in this edition. For many years, branding was often ignored or underappreciated as an important aspect of marketing within healthcare. Now as noted in Chapter three, mergers have brought branding to the forefront of strategic consideration and is discussed in detail in this revision.

To a large extent, with technology and the shifting of how patients access care, channels may be the most interesting aspect of marketing tactics and its consideration in the development of strategy. The structure, integration and impact of technology are all key considerations to consider in today's tactical considerations of channels. Global pricing, bundled pricing, reference pricing are but a few of the considerations of the tactics to consider for health care organization today. These factors are part of this editions coverage that past readers will now find included. Finally, this new edition presents the important topics of integrated marketing communications along with the components to consider in delivering such a communication objective. And, has been a factor throughout this edition, the impact of technology on promotion, its use, how it is measured in terms of digital promotion again are part of this chapter's content.

Chapter 8

Step 5: Integration of the Marketing Plan with the Business Plan and the Strategic Plan

Are the day to day actions in sync with the organization as a whole? In multi-unit organizations do the daily actions complement one another or is one organization competing with another internal business or department. In this chapter the recent merger between CVS pharmacy and Aetna is used as an example.

Chapter 9

Step 6: The Approval and Monitoring Process

Results. How is the plan working out? Is the hospital marketing staff hitting its targets? Is the departmental sales force actually making an impact? As with many chapters in the book, several charts and forms are presented to help a clinic, hospital or other organization monitor results

Chapter 10

Step 7: Conclusion

Sage advice. Prior chapters focus on the charts, graphs, data, models and methods. Chapter 10 steps back and offers advice based on the years of experience from the authors. After participating in marketing and strategy planning and implementation in hospitals, health systems, clinics large and small all around the United States and the world, we offer our observations. Including advice around being data focused, become the voice of the marketplace in the organization and being bold around presenting ideas for consideration that might be completely foreign to traditional inside thinking.

Past users of this text will find an expanded discussion of the section on “expect the unexpected” with some key factors to consider in terms of the strength of the assumptions with the plan that is being developed. Additionally, there is a new consideration to further strengthen the planning process of a committee in the integration of “programmed conflict.” In the planning process. Finally, there is an important sequence that is presented regarding how marketing might be most effective that is particularly relevant in terms of promotional expenditures and in the context of today’s environment of mergers.

Appendix A *Consolidated List of Key Questions to Ask in Analysis*

Appendix B *Sample Strategic and Marketing Plan*

Appendix C *Model Short-Form Consolidated Strategic and Marketing Plan for Smaller Clinical Organizations*

Appendix A, B, C are designed to provide additional support or nudge to help complete an analysis and end up with a strategic and business plan. All three appendices are short and straightforward. Appendix A is about gathering data. Appendix B and C are about creating actual planning documents. Many organizations who read this book might be smaller with limited time and staff and funding. Appendix C takes these limitations into account with the intention that organizations of any size can and should conduct market strategy planning and action.