

Strategic Positioning: Where Does Your Organization Stand?

Howard J. Gershon, CHE, principal consultant, PSI Arista, Fairfax, Virginia

Over 20 years ago, the concept of strategic positioning was popularized by Jack Trout and Al Ries in their seminal publication *Positioning: The Battle for Your Mind* (McGraw Hill, 1981). Although this concept has been enthusiastically embraced by many industries, its application in healthcare has been laggard at best. Because almost all healthcare organizations in the United States continue to operate in competitive environments, strategic positioning is a concept that warrants careful consideration.

Simply stated, an organization's strategic position is its perceptual location relative to others. Examples in the consumer-products segment of our economy are plentiful. If we search for toothpaste, we find numerous highly positioned products such as Crest for fighting cavities, Close-Up for fresh breath, Pearl Drops for whitening, and Tom's of Maine for a natural alternative. This concept is also deeply rooted in the hospitality industry. Just look at Marriott and its array of properties, from the luxury-driven Marriott Marquis Hotels to the business-traveler-focused Courtyard by Marriott to the budget-oriented Fairfield Inn to the longer-stay-specialist Residence Inn. Banks, airlines, retail establishments, and even colleges and universities provide additional examples.

How can we apply this powerful concept to healthcare? Better yet, how can healthcare organizations afford not to? Most organizations have many more market opportunities to pursue than available resources—particularly capital and manpower—so how do their leaders make the difficult decisions among new marketplace initiatives? Do they buy the latest in diagnostic imaging technology or invest in a new facility for outpatient rehabilitation services? Should they recruit another surgical subspecialist or focus on replacing a retiring primary care provider? Strategic positioning provides a vehicle for creating organizational focus and a framework for considering these resource-allocation questions. When an organization can clearly articulate its perceptual location relative to those of other organizations, the complexities surrounding these decisions are significantly reduced.

DEFINING POSITIONING STRATEGIES

A healthcare organization's strategic position can be defined around several parameters.

- *Service.* This has been a popular positioning approach adopted by many healthcare organizations. Whether the focus is on the manner in which staff interacts

with patients or customers; the physical environment in which services are provided; the systems employed for customer transactions such as centralized scheduling, online registration, or bill paying; or a distinctive service delivery model like Planetree, the goal of this approach should be to establish the organization's reputation for being customer friendly.

- *Quality.* Although virtually all healthcare organizations claim to provide high-quality services, some have adopted quality as their positioning mantra. Historically, healthcare consumers have had difficulty discerning the quality of a particular organization through means other than anecdotal evidence. This is changing rapidly as a result of the increasing availability of clinical performance data from state and federal governmental agencies and proprietary databases like Solucient and Healthgrades.com. Many providers are adopting a quality position and leveraging this kind of information.
- *Access.* A position that emphasizes accessibility focuses on attributes such as location and hours of operation. Because healthcare has proven to be primarily a local or regional business, where the main facility is situated and how easy it is to get to can be key positioning strategies. Consider how many new and replacement hospitals are being constructed on or near major highways. The number of facilities an organization operates in its market can also be an effective positioning strategy. This has certainly been a successful model in other industries (think Starbucks). Finally, the availability of outpatient services after usual business hours and on weekends is another example of an access position.
- *Scope.* How wide or how narrow a range of services an organization offers provides another positioning opportunity. The current trend followed by providers seems to be to focus on a specialty—whether it is cardiology, cancer, orthopedics, or neurosciences. At the same time, offering a broad range of services (the one-stop shop) is another approach that has been successful in differentiating some organizations. The vertically integrated health system that offers preventative, acute, and post-acute services and the medical mall model of providing ambulatory services are just two examples of this approach.
- *Innovation.* Organizations that are on the leading edge of clinical research and technology can establish a position based on these innovative factors. Often, being first in the market creates a strategic position that is difficult for competitors to equal or surpass. Academic medical centers and specialty institutes that have substantial resources dedicated to these kinds of endeavors, major research funding, and renowned scientists are often best suited for this approach.
- *Demographics.* Focusing on a particular demographic segment of the market is another approach to establishing a clear market position. Most frequently, healthcare organizations choose to focus on children, women, and the elderly. Serving a targeted population allows the organization to deliver highly customized service. In some parts of the country, being culturally sensitive to the

needs of ethnic groups, such as Hispanic, Native American, or Asian populations, can be a powerful positioning strategy.

ESTABLISHING THE STRATEGIC POSITION

Although the list given above is not all inclusive, it captures those positioning strategies that are most often adopted by healthcare organizations. The challenge for most organizations is determining which positioning strategy is most appropriate. This means that these organizations must recognize that they cannot afford to be all things to all people. Successful organizations make difficult decisions regarding the focus of their efforts. A classic SWOT (strengths, weaknesses, opportunities, and threats) analysis—primary market research that identifies an organization's current market position—as well as a rigorous competitor assessment provide the necessary background information.

The ability to view the future in ways that differ significantly from the past, to realistically assess the resources required to achieve a new vision, and to facilitate the transition from the present are the necessary ingredients in developing and implementing a successful positioning strategy.

For more information on the concepts in this column, please contact Howard Gershon at Howard@reach-newheights.com.