

Not Everyone Gets a Trophy

It's been a bad couple of decades for strategy

by: Susan Good, Au.D., Audiology Management Group, Inc.



As the pace of business continues to move faster, ownership and management need to make time for strategy. Medical practices continue to buy into a number of simplistic ideas about competition and as a result, many have abandoned strategy almost completely. Porter would say that strategy has suffered because of a few myths: people have tried it, and determined it's hard, implementation continues to be the shiny new toy (think lean design) and with the rapid pace of change, business can't afford to pause to think about something as rigid and inflexible as strategy. Today's medical practice ownership

and management doesn't say that of course. They say, "not true, we have a strategy". But typically, the "strategy" is to deliver the highest-quality services at a lower cost to the practice, or to merge their practices to better position the business to obtain contracts and maximize economies of scale. Basically, do more, better - with less. But in actuality, that's just trying to improve on best practices. That's not a strategy.

"It's dangerous to bet your practice's success on the incompetence of your competitors..."

any medical practice to believe that it can deliver the same level of care as its competition and actually outperform them for

very long. Today, more than ever, access to information and capital is extremely convenient and fast. It's dangerous to bet your practice's

Strategy 101: Choices

There's a fundamental distinction between strategy and operational effectiveness. Strategy is about making a choice. You can't be all things to all people. It's about looking at the trade-offs and deliberately choosing to be different. Operational effectiveness should not be a choice, it's about what's good for the business, the team and the patients. Operational effectiveness is what every business should be doing.

The core principle of strategy is about setting limits on what a business is trying to accomplish. A business without a strategy is disposed to try anything. It is important to remember that if all a business does is essentially the same thing as the rivals in the marketplace, it is difficult to thrive. Also, it's incredibly arrogant for

success on the incompetence of your competitors and that's what owners and managers are doing when they're competing on operational effectiveness.

What's worse, a focus on operational effectiveness alone has created a reciprocally damaging form of competition. If every practice is trying to get to the same place, then, almost unavoidably, that causes patients to choose based on convenience & price. Looking at the past few years, medicine continues to see widespread cratering of price.

Goals and Continuity

The fundamental principles of strategy are enduring, regardless of the industry, technology or the pace of change. Sound strategy starts with having the right goal. Goals are different than your purpose. In healthcare, often the goal that sounds the best to providers is to "provide superior patient care", but many strategists argue that the only goal that can support a sound strategy is superior profitability. When medical practices don't begin with that goal and pursue it fairly directly, they can quickly be led to actions that will undermine strategy. In today's economy, practices can surely grow large or grow fast, but if they are not focused on the goal of superior profitability, the business will have problems.

Remember, strategy cannot be continually reinvented. Strategy is founded in the basic value a business is trying to deliver to its perfect patient. The focus on that positioning is where endurance needs to be strongest. Otherwise, it's difficult for the organization to understand what the strategy is. And it's hard for your patients to know what you stand for.

It Still Sounds Hard

That's actually a lot easier than it sounds. If the people in the company don't understand how the practice is supposed to be different, how it creates value to its patients, better than the rivals down the street. Martin speaks of 5 questions to build a strategy, and the first three are where owners and managers should begin:

- What are our aspirations & goals?
- Where should we play?
- How will we win?

Be the Guardian of Trade-offs

Hundreds of ideas pour in every month from employees with suggestions, from patients asking for things, from suppliers trying to sell their products to the practice. A majority percentage of it will be inconsistent with the organization's strategy. Enforce the trade-offs. Yes, it would be great to see more patients, but if we did that, we would look like the clinic down the street – and it wouldn't fit with our high-touch patient care philosophy.

There is nothing rigid about championing your strategy — it's something that a company should be continually getting better at — as to create a sense of progress while adhering to a clear and sustained direction. In today's competitive business environment, not everyone gets a trophy.

If you want to outline your practice's strategy and capabilities, contact the AMG Network team at

866.566.7705 today!

For more information visit us at:

AudiologyMG.com



Susan Good, Au.D., MBA

Vice President, Network & Joint Ventures

With more than 20 years of Industry experience, Susan Good, AMG's VP of Network and Joint Ventures, is the driving force behind AMG's product and business services portfolio. She is an expert in business development for retail, audiology and physician-based dispensing programs. She has extensive clinical, teaching and practice management experience. Prior to her current position, she worked in manufacturing and clinical practice. Susan received her Au.D. from the University of Florida and her Master of Business Administration from the Pennsylvania State University.

sgood@audiologymg.com

 @drsusangood

Suggested Reading:

What is Strategy (Harvard Business Review Press, 1996)

Playing to Win (Harvard Business Review Press, 2013).