



UST Executive Conference on the Future of Health Care

Strategic Management: Demonstrating Value
for Competitive Advantage

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Session Schedule

- 3:15 – 3:45 p.m. Presentation
- 3:45 p.m. Divide into Discussion Rooms:
SCH 127, SCH 315, SCH 316
- 3:45 – 4:05 p.m. Table Discussions
- 4:05 – 4:30 p.m. Facilitated Group Discussion

Learning Objective

Participant should take away from this session an advanced understanding of how to establish a marketing direction for health care enterprises in a way that attracts the patients those organizations want.

The Marketing Strategic Imperative in Health Care

“Health care competition is not focused on delivering value for patients. Instead, it has become zero-sum: the system participants struggle to divide value when they could be increasing it.” -M.Porter and E. Teisberg *Redefining Healthcare* HBS Press 2006.

What is Marketing?

Marketing is the process of creating or directing an organization to be successful in selling a product or service that people not only desire but are willing to buy.

Therefore good marketing must be able to create a proposition or set of benefits for the end customer that delivers value through products or services.

How does the Customer See Value?

The Value Proposition: the implicit promise a firm makes to customers to deliver a particular combination of values – price, quality, performance, convenience, etc.

The Value-Driven Operating Model: a combination of operating processes, management systems, business structure, and culture that gives the firm the capacity to deliver its value proposition. - J.

Treacy and F. Wiersema *The Discipline of Market Leaders*

Generic Value Propositions

Best Cost or Operational Effectiveness

Best Product or Product Leadership

Best Service or Customer Intimacy

Aligned with:

Operational Variables: Know-how, Culture,
HR Practices, Strategic Support

Alignment is likely to be a far greater source of competitive advantage than any single aspect of strategy.

- Danny Miller

Examples of Propositions

Company Product	Target Customer	Benefits	Price	Value Proposition
Walmart	Cost Conscious, Mid income	Low price OK quality Availability National Brands	10% Less	Brand names Always Low Price
Volvo Wagon	Safety- Conscious Upscale Consumer	Durability and Safety	20% Premium	The Safest Most Durable Wagon at a Higher Price
IBM	Fortune 1000 Businesses	Computer Systems Integration, Great Service	10% Premium	Computer Technology Tailored to You

Marketing/Operational Alignment

	Operational Excellence	Product Leadership	Customer Intimacy
Core Business	Efficient distribution	Product innovation	Provide solutions
Business Focus	Business efficiency	R & D	Relationships
Structure	Central authority	Flexible	Empowerment
Management Systems	Standard processes	Reward innovation	Measure service
Culture	One size fits all	Experimentation	“Have it your way”
Customer Support	Limited	Medium	High
Manufacturing Strategy	High volume runs	Medium volume	Made to order



How Firms Align

Stuck-In-The-Middle w/Weak HR Practices: N=72 (19%)-#1

BUSINESS ENVIRONMENT-Stable (VL) to dynamic (VH)	VL	L	M	H	VH
MARKET STRATEGY					
Operational Effectiveness	VL	L	M	H	VH
Product Leadership	VL	L	M	H	VH
Customer Intimacy	VL	L	M	H	VH
WORKFORCE COMPETENCY					
Efficiency	VL	L	M	H	VH
Creativity	VL	L	M	H	VH
Customer/Solution Orientation	VL	L	M	H	VH
ORGANIZATION CULTURE					
Conflict Resolution & Communication	VL	L	M	H	VH
Risk-Taking	VL	L	M	H	VH
Focus on Rewards	VL	L	M	H	VH
Teaming	VL	L	M	H	VH
Encourage Competition	VL	L	M	H	VH
Results Orientation	VL	L	M	H	VH
HUMAN RESOURCE MANAGEMENT PRACTICES					
Strategic Workforce Practices	VL	L	M	H	VH
Performance Management	VL	L	M	H	VH
Staffing	VL	L	M	H	VH
Training & Labor Costs	VL	L	M	H	VH
High Commitment Work Design	VL	L	M	H	VH
Positive Employee Relations	VL	L	M	H	VH
Pay-for-Performance	VL	L	M	H	VH
SENIOR MANAGEMENT PERSPECTIVES:					
Management Support for People	VL	L	M	H	VH
STRATEGIC PROCESSES	VL	L	M	H	VH
ORGANIZATION EFFECTIVENESS: Market Performance	VL	L	M	H	VH

Pure Stuck-In-The-Middle: N=125 (33%)-#2

BUSINESS ENVIRONMENT-Stable (VL) to dynamic (VH)	VL	L	M	H	VH
MARKET STRATEGY					
Operational Effectiveness	VL	L	M	H	VH
Product Leadership	VL	L	M	H	VH
Customer Intimacy	VL	L	M	H	VH
WORKFORCE COMPETENCY					
Efficiency	VL	L	M	H	VH
Creativity	VL	L	M	H	VH
Customer/Solution Orientation	VL	L	M	H	VH
ORGANIZATION CULTURE					
Conflict Resolution & Communication	VL	L	M	H	VH
Risk-Taking	VL	L	M	H	VH
Focus on Rewards	VL	L	M	H	VH
Teaming	VL	L	M	H	VH
Encourage Competition	VL	L	M	H	VH
Results Orientation	VL	L	M	H	VH
HUMAN RESOURCE MANAGEMENT PRACTICES					
Strategic Workforce Practices	VL	L	M	H	VH
Performance Management	VL	L	M	H	VH
Staffing	VL	L	M	H	VH
Training & Labor Costs	VL	L	M	H	VH
High Commitment Work Design	VL	L	M	H	VH
Positive Employee Relations	VL	L	M	H	VH
Pay-for-Performance	VL	L	M	H	VH
SENIOR MANAGEMENT PERSPECTIVES: Management Support for People	VL	L	M	H	VH
STRATEGIC PROCESSES	VL	L	M	H	VH
ORGANIZATION EFFECTIVENESS: Market Performance	VL	L	M	H	VH

Master of Two: N=43 (11%)-#3

BUSINESS ENVIRONMENT-Stable (VL) to dynamic (VH)	VL	L	M	H	VH
MARKET STRATEGY					
Operational Effectiveness	VL	L	M	H	VH
Product Leadership	VL	L	M	H	VH
Customer Intimacy	VL	L	M	H	VH
WORKFORCE COMPETENCY					
Efficiency	VL	L	M	H	VH
Creativity	VL	L	M	H	VH
Customer/Solution Orientation	VL	L	M	H	VH
ORGANIZATION CULTURE					
Conflict Resolution & Communication	VL	L	M	H	VH
Risk-Taking	VL	L	M	H	VH
Focus on Rewards	VL	L	M	H	VH
Teaming	VL	L	M	H	VH
Encourage Competition	VL	L	M	H	VH
Results Orientation	VL	L	M	H	VH
HUMAN RESOURCE MANAGEMENT PRACTICES					
Strategic Workforce Practices	VL	L	M	H	VH
Performance Management	VL	L	M	H	VH
Staffing	VL	L	M	H	VH
Training & Labor Costs	VL	L	M	H	VH
High Commitment Work Design	VL	L	M	H	VH
Positive Employee Relations	VL	L	M	H	VH
Pay-for-Performance	VL	L	M	H	VH
SENIOR MANAGEMENT PERSPECTIVES: Management Support for People	VL	L	M	H	VH
STRATEGIC PROCESSES	VL	L	M	H	VH
ORGANIZATION EFFECTIVENESS: Market Performance	VL	L	M	H	VH

Operational Excellence w/Strong HR Practices: N=80 (21%)-#4

BUSINESS ENVIRONMENT-Stable (VL) to dynamic (VH)	VL	L	M	H	VH
MARKET STRATEGY					
Operational Effectiveness	VL	L	M	H	VH
Product Leadership	VL	L	M	H	VH
Customer Intimacy	VL	L	M	H	VH
WORKFORCE COMPETENCY					
Efficiency	VL	L	M	H	VH
Creativity	VL	L	M	H	VH
Customer/Solution Orientation	VL	L	M	H	VH
ORGANIZATION CULTURE					
Conflict Resolution & Communication	VL	L	M	H	VH
Risk-Taking	VL	L	M	H	VH
Focus on Rewards	VL	L	M	H	VH
Teaming	VL	L	M	H	VH
Encourage Competition	VL	L	M	H	VH
Results Orientation	VL	L	M	H	VH
HUMAN RESOURCE MANAGEMENT PRACTICES					
Strategic Workforce Practices	VL	L	M	H	VH
Performance Management	VL	L	M	H	VH
Staffing	VL	L	M	H	VH
Training & Labor Costs	VL	L	M	H	VH
High Commitment Work Design	VL	L	M	H	VH
Positive Employee Relations	VL	L	M	H	VH
Pay-for-Performance	VL	L	M	H	VH
SENIOR MANAGEMENT PERSPECTIVES:					
Management Support for People	VL	L	M	H	VH
STRATEGIC PROCESSES	VL	L	M	H	VH
ORGANIZATION EFFECTIVENESS: Market Performance	VL	L	M	H	VH

Weak Product Leader: N=40 (11%)-#5

BUSINESS ENVIRONMENT-Stable (VL) to dynamic (VH)	VL	L	M	H	VH
MARKET STRATEGY					
Operational Effectiveness	VL	L	M	H	VH
Product Leadership	VL	L	M	H	VH
Customer Intimacy	VL	L	M	H	VH
WORKFORCE COMPETENCY					
Efficiency	VL	L	M	H	VH
Creativity	VL	L	M	H	VH
Customer/Solution Orientation	VL	L	M	H	VH
ORGANIZATION CULTURE					
Conflict Resolution & Communication	VL	L	M	H	VH
Risk-Taking	VL	L	M	H	VH
Focus on Rewards	VL	L	M	H	VH
Teaming	VL	L	M	H	VH
Encourage Competition	VL	L	M	H	VH
Results Orientation	VL	L	M	H	VH
HUMAN RESOURCE MANAGEMENT PRACTICES					
Strategic Workforce Practices	VL	L	M	H	VH
Performance Management	VL	L	M	H	VH
Staffing	VL	L	M	H	VH
Training & Labor Costs	VL	L	M	H	VH
High Commitment Work Design	VL	L	M	H	VH
Positive Employee Relations	VL	L	M	H	VH
Pay-for-Performance	VL	L	M	H	VH
SENIOR MANAGEMENT PERSPECTIVES:					
Management Support for People	VL	L	M	H	VH
STRATEGIC PROCESSES	VL	L	M	H	VH
ORGANIZATION EFFECTIVENESS: Market Performance	VL	L	M	H	VH



How Health Care Organizations Align

Figure 1. Stuck-In-The-Middle N = 18 (39%)

BUSINESS ENVIRONMENT					
Competitive Pressures	VL	L	M	H	VH
Market Unpredictability	VL	L	M	H	VH
Variability	VL	L	M	H	VH
Environmental Forces	VL	L	M	H	VH
MARKET STRATEGY					
Operational Effectiveness	VL	L	M	H	VH
Product Leadership	VL	L	M	H	VH
Customer Intimacy	VL	L	M	H	VH
WORKFORCE COMPETENCY					
Efficiency	VL	L	M	H	VH
Creativity	VL	L	M	H	VH
Customer/Solution Orientation	VL	L	M	H	VH
ORGANIZATION CULTURE					
Conflict Resolution & Communication	VL	L	M	H	VH
Risk-Taking	VL	L	M	H	VH
Focus on Rewards	VL	L	M	H	VH
Teaming	VL	L	M	H	VH
Encourage Competition	VL	L	M	H	VH
Results Orientation	VL	L	M	H	VH
HUMAN RESOURCE MANAGEMENT PRACTICES					
High Commitment Work Design	VL	L	M	H	VH
Employee Productivity/Training	VL	L	M	H	VH
Staffing	VL	L	M	H	VH
Performance Management	VL	L	M	H	VH
Pay-For-Performance	VL	L	M	H	VH
Benefits	VL	L	M	H	VH
Diversity	VL	L	M	H	VH
Non-Perm Workers	VL	L	M	H	VH
Safety and Assistance	VL	L	M	H	VH
SENIOR MANAGEMENT PERSPECTIVES					
Management Support – HR Function	VL	L	M	H	VH
Management Support – People	VL	L	M	H	VH
STRATEGIC PROCESSES					
Strategic Management	VL	L	M	H	VH
Business Modeling	VL	L	M	H	VH
ORGANIZATION EFFECTIVENESS					
Performance	VL	L	M	H	VH

Figure 2. Weak OE, N = 11 (24%)

BUSINESS ENVIRONMENT						
Competitive Pressures	VL	L	M	H	VH	
Market Unpredictability	VL	L	M	H	VH	
Variability	VL	L	M	H	VH	
Environmental Forces	VL	L	M	H	VH	
MARKET STRATEGY						
Operational Effectiveness	VL	L	M	H	VH	
Product Leadership	VL	L	M	H	VH	
Customer Intimacy	VL	L	M	H	VH	
WORKFORCE COMPETENCY						
Efficiency	VL	L	M	H	VH	
Creativity	VL	L	M	H	VH	
Customer/Solution Orientation	VL	L	M	H	VH	
ORGANIZATION CULTURE						
Conflict Resolution & Communication	VL	L	M	H	VH	
Risk-Taking	VL	L	M	H	VH	
Focus on Rewards	VL	L	M	H	VH	
Teaming	VL	L	M	H	VH	
Encourage Competition	VL	L	M	H	VH	
Results Orientation	VL	L	M	H	VH	
HUMAN RESOURCE MANAGEMENT PRACTICES						
High Commitment Work Design	VL	L	M	H	VH	
Employee Productivity/Training	VL	L	M	H	VH	
Staffing	VL	L	M	H	VH	
Performance Management	VL	L	M	H	VH	
Pay-For-Performance	VL	L	M	H	VH	
Benefits	VL	L	M	H	VH	
Diversity	VL	L	M	H	VH	
Non-Perm Workers	VL	L	M	H	VH	
Safety and Assistance	VL	L	M	H	VH	
SENIOR MANAGEMENT PERSPECTIVES						
Management Support – HR Function	VL	L	M	H	VH	
Management Support – People	VL	L	M	H	VH	
STRATEGIC PROCESSES						
Strategic Management	VL	L	M	H	VH	
Business Modeling	VL	L	M	H	VH	
ORGANIZATION EFFECTIVENESS						
Performance	VL	L	M	H	VH	

Figure 3. Master of Two, N = 7 (15%)

BUSINESS ENVIRONMENT					
Competitive Pressures	VL	L	M	H	VH
Market Unpredictability	VL	L	M	H	VH
Variability	VL	L	M	H	VH
Environmental Forces	VL	L	M	H	VH
MARKET STRATEGY					
Operational Effectiveness	VL	L	M	H	VH
Product Leadership	VL	L	M	H	VH
Customer Intimacy	VL	L	M	H	VH
WORKFORCE COMPETENCY					
Efficiency	VL	L	M	H	VH
Creativity	VL	L	M	H	VH
Customer/Solution Orientation	VL	L	M	H	VH
ORGANIZATION CULTURE					
Conflict Resolution & Communication	VL	L	M	H	VH
Risk-Taking	VL	L	M	H	VH
Focus on Rewards	VL	L	M	H	VH
Teaming	VL	L	M	H	VH
Encourage Competition	VL	L	M	H	VH
Results Orientation	VL	L	M	H	VH
HUMAN RESOURCE MANAGEMENT PRACTICES					
High Commitment Work Design	VL	L	M	H	VH
Employee Productivity/Training	VL	L	M	H	VH
Staffing	VL	L	M	H	VH
Performance Management	VL	L	M	H	VH
Pay-For-Performance	VL	L	M	H	VH
Benefits	VL	L	M	H	VH
Diversity	VL	L	M	H	VH
Non-Perm Workers	VL	L	M	H	VH
Safety and Assistance	VL	L	M	H	VH
SENIOR MANAGEMENT PERSPECTIVES					
Management Support – HR Function	VL	L	M	H	VH
Management Support – People	VL	L	M	H	VH
STRATEGIC PROCESSES					
Strategic Management	VL	L	M	H	VH
Business Modeling	VL	L	M	H	VH
ORGANIZATION EFFECTIVENESS					
Performance	VL	L	M	H	VH

Figure 4. Customer Intimate, N = 6 (13%)

BUSINESS ENVIRONMENT						
Competitive Pressures	VL		M	H	VH	
Market Unpredictability	VL	L	M	H	VH	
Variability	VL		M	H	VH	
Environmental Forces	VL		M	H	VH	
MARKET STRATEGY						
Operational Effectiveness	VL	L		H	VH	
Product Leadership	VL	L	M	H	VH	
Customer Intimacy	VL	L	M	H	VH	
WORKFORCE COMPETENCY						
Efficiency	VL	L	M		VH	
Creativity	VL	L	M		VH	
Customer/Solution Orientation	VL	L	M	H	VH	
ORGANIZATION CULTURE						
Conflict Resolution & Communication	VL	L	M	H	VH	
Risk-Taking	VL	L	M	H	VH	
Focus on Rewards	VL	L	M	H	VH	
Teaming	VL	L	M	H	VH	
Encourage Competition	VL	L	M	H	VH	
Results Orientation	VL	L	M	H	VH	
HUMAN RESOURCE MANAGEMENT PRACTICES						
High Commitment Work Design	VL	L	M		VH	
Employee Productivity/Training	VL	L	M		VH	
Staffing	VL	L	M		VH	
Performance Management	VL	L	M		VH	
Pay-For-Performance	VL	L	M		VH	
Benefits	VL	L	M	H	VH	
Diversity	VL	L	M	H	VH	
Non-Perm Workers	VL	L	M	H	VH	
Safety and Assistance	VL	L	M	H	VH	
SENIOR MANAGEMENT PERSPECTIVES						
Management Support – HR Function	VL	L	M	H	VH	
Management Support – People	VL	L	M	H	VH	
STRATEGIC PROCESSES						
Strategic Management	VL	L	M	H	VH	
Business Modeling	VL	L	M	H	VH	
ORGANIZATION EFFECTIVENESS						
Performance	VL	L	M	H	VH	

Figure 5. No Focus, N = 4 (9%)

BUSINESS ENVIRONMENT						
Competitive Pressures	VL	L	M	H	VH	
Market Unpredictability	VL	L	M	H	VH	
Variability	VL	L	M	H	VH	
Environmental Forces	VL	L	M	H	VH	
MARKET STRATEGY						
Operational Effectiveness	VL		M	H	VH	
Product Leadership	VL		M	H	VH	
Customer Intimacy	VL		M	H	VH	
WORKFORCE COMPETENCY						
Efficiency	VL		M	H	VH	
Creativity	VL		M	H	VH	
Customer/Solution Orientation	VL	L	M	H	VH	
ORGANIZATION CULTURE						
Conflict Resolution & Communication	VL	L	M	H	VH	
Risk-Taking	VL	L	M	H	VH	
Focus on Rewards	VL	L	M	H	VH	
Teaming	VL	L	M	H	VH	
Encourage Competition	VL	L	M	H	VH	
Results Orientation	VL	L	M	H	VH	
HUMAN RESOURCE MANAGEMENT PRACTICES						
High Commitment Work Design	VL	L	M	H	VH	
Employee Productivity/Training	VL	L	M	H	VH	
Staffing	VL	L	M	H	VH	
Performance Management	VL	L	M	H	VH	
Pay-For-Performance	VL	L	M	H	VH	
Benefits	VL	L	M	H	VH	
Diversity	VL	L	M	H	VH	
Non-Perm Workers	VL	L	M	H	VH	
Safety and Assistance	VL	L	M	H	VH	
SENIOR MANAGEMENT PERSPECTIVES						
Management Support – HR Function	VL	L	M	H	VH	
Management Support – People	VL	L	M	H	VH	
STRATEGIC PROCESSES						
Strategic Management	VL	L	M	H	VH	
Business Modeling	VL		M	H	VH	
ORGANIZATION EFFECTIVENESS						
Performance	VL	L	M	H	VH	



Health Care Value Propositions

CASE #1

Boise Orthopedic Clinic is one of the oldest orthopedic clinics in continuous existence in Idaho. It began in 1951 as a solo practice on West Jefferson Street. As the clinic grew, its main office moved to the Hartman Medical Building on the campus of Saint Alphonsus Regional Medical Center. Today, Boise Orthopedic Clinic consists of ten orthopedic surgeons, three physician assistants and a nurse practitioner. All orthopedic surgeons at BOC practice general orthopedics, but each has a special interest of fellowship training in one or more subspecialty areas.

CASE #2

Where every patient is treated like a pro...

The Kerlan-Jobe Orthopaedic Clinic is a world leader in the diagnosis and treatment of orthopedic and sports medicine injuries and illnesses.

CASE #3

The specialists, nurses, rehabilitation professionals, and physical and hand therapists at the Orthopedic Clinic are dedicated to delivering care that combines excellence, service and compassion with innovative research and educational programs.



What to remember about your
value proposition.



1. The value proposition should let patients know why they are coming to you.
2. Operations must support the marketing effort.
3. The value proposition should differentiate your clinic from others in your markets.
4. Alignment of marketing with operations should be a key element of your continuous improvement process.