

CLEARER CHOICES. BETTER DECISIONS™.

## THE REFLECTIVE STRATEGIES DIAGNOSTIC: Knowing How to Kick-start Growth by Understanding and Harnessing Your Relative Value



*Competitor consolidation. Increasing volume. Uncertain payments. Slim margins.*

*Healthcare is increasingly a “grow or die” marketplace. But your growth is stalled; it has been for a while now. You’re under pressure to get things moving again.*

*Being clear about what to do begins by asking and answering the right questions—specifically, by understanding the **value** you’re creating and knowing why and how that value might be ebbing away. Only then can you refocus resources on those activities that will strengthen your value proposition.*

*As every healthcare professional knows, if the diagnosis is wrong, little else matters. So start with these probing questions.*

### **What is the relative strength of our current market position and market value, and what do we aspire to achieve?**

- ✓ What is our baseline projection of value (i.e., revenues, profitable growth, and investable reserves) and what level of incremental value do we wish to create?
- ✓ Do we need to reconsider how we think of *value* in both the short and longer terms? For example, are we putting too much priority on short-term returns at the expense of long-term growth? If so, why, and how do we change the cadence of decision making and rebalance our aims?

- ✓ What value-oriented goals should we target and in what areas: New revenues from current businesses? Improved profitability (cost recovery) from the core? New revenues from new businesses? Increased investment capacity to make opportunistic acquisitions?
- ✓ What strategic and operating options exist within our current business model to accelerate profitable growth, including options to leverage our strengths in adjacent markets or offer new products in current markets?
- ✓ What are the quantitative and qualitative implications of these options?

**What are our sources of competitive advantage and which can we most rely upon? What do our customers value most, and how “sticky” is our customer loyalty?**

- ✓ What do voice of the customer data suggest about the durability and transferability of our competitive advantages?
- ✓ How do our accumulated product and service data, market presence and reach provide distinctive market advantage?
- ✓ What’s the nature of the competitive threat we face? Is it based on our challengers’ scope of services or market scale or price or some other elements that the market seems to value more than what we provide?

**How could we enhance our market position and value by disposing of and/or acquiring assets?**

- ✓ Can we close the value gap through organic growth? If not, should we continue to invest in and grow our different businesses or shift resources to strategic partnerships, ventures, or outright acquisitions? If so, how would we fund this growth?

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- ✓ If not, what value could we create were we to divest these assets, monetize their value, and re-invest the proceeds into a reconfigured core business?
- ✓ What would a reconfigured strategic core look like?

**In thinking about the entire enterprise, what are the pro forma financial implications of these anticipated changes?**

- ✓ What variables do we need to consider that could materially impact our expected results and stakeholder commitments?
- ✓ What risks do we need to anticipate now to mitigate future implementation downside?
- ✓ Taking risks and rewards into account, what is our *highest and best* use of scarce capital?
- ✓ Overall, how would our best scenarios for creating incremental growth shape our five year cash flow, margins, retained earnings, reserves, debt requirements, and other aspects of financial performance?

**How would we structure a reconfigured portfolio of businesses to ensure we can create and maintain maximum value?**

- ✓ What organizational elements (e.g., reporting relationships, roles, performance metrics, and decision prerogatives) would need to change to enable a restructured core to work most effectively?
- ✓ What HR, IT, and other systems would need to change?
- ✓ How would culture need to evolve to support a greater focus on our most important value drivers?
- ✓ How might our governance model—how professional staff and board members work together—better support our value orientation?

**How would we communicate most effectively why we changed and how this change will impact our future performance?**

- ✓ What do our current communications signal about our purpose and priorities and about what we value?
- ✓ Are we consistent in how we're communicating our distinctive value?
- ✓ Do all our interactions with our customers and the public reinforce what we value and why we value it?
- ✓ Are we fully deploying all of our creative resources to ensure our messages are getting across?
- ✓ Are we monitoring our effectiveness in communicating our value proposition and making changes based on this insight?



*Reflective Strategies LLC works with healthcare organizations to help them better understand what's working and what's not and how to fix what's broken. Working with all levels of leadership, we provide actionable insights that lead to clearer choices and better decisions.*

*Please contact us at [www.reflectivestrategies.com](http://www.reflectivestrategies.com)*