

DEVELOPING STRATEGIES THAT EMPOWER HEALTHCARE LEADERS TO DRIVE INNOVATIVE CHANGE

By J Pegues

Successful solutions to the most pressing business problems are often uncovered by disruptors who aren't thinking about improving a business process, but rather about creating an entirely new way of doing business. Today, many traditional healthcare organizations are still trying to drive down the cost of care by increasing efficiency in their core business offerings. While this is essential for ensuring operational efficiency, it's not enough to guarantee a successful, ongoing business. Healthcare leaders who want to ensure their organization thrives in the future must do things differently by innovating and creating new business models, processes and services that demonstrate a more consumer-centric healthcare experience and deliver more value to the customer.

Amid current disruption, it's clear the future of healthcare will not be like the present. New ways for accessing, delivering and financing care continue to emerge. For instance, urgent care and retail clinics provide consumers with immediate access to care and, as a result, they're

replacing primary care visits. Free-standing emergency departments (ED) have created a lower cost, quicker access option and are usurping hospital ED visits. Consumers are seeking out a healthcare experience that looks more like their frictionless experiences with Amazon or Uber than a traditional healthcare visit. Most traditional organizations didn't anticipate these changes brought about by industry disruptors and now find they must not only regain lost ground but also find a strategy to re-establish a leadership position.

Two Essentials for Innovation

Nonprofit and for-profit companies and government agencies have initiated projects intended to create better healthcare outcomes, make care more accessible or lower the cost of care. They've pursued big ideas they believed would solve healthcare's challenges, but they have had little success. Many have failed to do two things essential to innovation. First, they haven't provided environments in which knowledgeable, experienced, forward-looking talent can create and test innovative ideas. Second, they haven't set innovators free from the daily responsibility of operating the existing core business and, as a result, immediate business demands have distracted leaders who were supposed to be focused on strategic innovation. This approach keeps deliberate and thoughtful discussions of strategy just out of reach. As a result, leaders find themselves planning and budgeting to sustain the existing core business through the next year

or, worse, the next quarter. The questions of who their customers will be and what their hospital, health system or clinic must be able to do to be successful in five or 10 years aren't addressed.

Put Leaders in a Position for Successful Strategy Development

With disruption prevalent across the industry, leaders should view innovative strategies as safe havens, not the perilous risks many often perceive them to be. Leaders must broaden their priorities and acknowledge that innovation in healthcare – the way we deliver it, where we deliver it, how we pay for it, who pays for it, how it's used, and the outcomes – is crucial to their companies' survival. To innovate, leaders must identify strategies that not only make the core business more flexible, more profitable and less susceptible to shifts in the competitive landscape but also position their companies in new, undefended or under-defended territory.

This starts with creating a clear vision of the future that's understood and shared across the organization. With a shared view of the future in place, leadership has laid the foundation for decision making on what the organization must look like and be able to do to be successful in that future. The strategy – one that explicitly identifies what the competitive advantage is going to be and how they will build, pay for and leverage resources that will create that advantage – is a rational outgrowth of understanding where your organization must be in the future and where it is today. To transform your organization into one that's thinking strategically and get ahead in this uncertain and unsettled environment, you must dedicate resources – both financial and human – and prioritize strategy and innovation. This will enable your organization to develop capabilities and advantages you'll need for success in the near and mid-term.

Respond to Disruption With a Strategy Focused on Customer Needs

Real growth comes from creating new customers. To do so leaders must articulate a strategy that distinguishes their services from competitive alternatives and gives consumers a reason to choose their brand over another. They must think deliberately and systematically about strategic differentiation as they plan for the future.

Those who continue to operate their businesses guided by today's accepted practices and operating models and who benchmark against what's already being done are unlikely to happen upon a unique strategy that creates and captures new value or that repositions their business advantageously. Instead, competitive differentiation comes almost entirely through innovation, and innovation most often comes about by examining how customers experience an organization, including how they experience it before they are customers.

An early step in strategy development is building a comprehensive and accurate picture of your business and the services it offers from the customers' point of view. Understand why, how and when customers look for services, the needs they have when they do and the dimensions of their purchasing decisions. In addition, look at the way customers and non-customers perceive your brand, the organization and the services provided. This provides a basis for differentiating a business in a way that matters to customers and a foundation for creating new customers. ZocDoc, 23andMe and Clover Health are industry disruptors that have done just that. They're attracting consumers by offering traditional healthcare services in unique ways that recognize what the customer really wants.

There is a great deal of uncertainty in today's disruptive environment. Rather than waiting for industry disruptors to threaten your organization's future, address uncertainty head on by innovating and creating new business models that address consumers' needs in new ways. This will drive ongoing success and ensure your organization's place in the competitive landscape.

Key Takeaways

To succeed in the future, healthcare organizations must:

Think differently.

Look at the core needs of consumers and consider how you can create new business models that address these challenges with the consumer at the forefront.

Plan differently.

Set aside time for strategic planning activities that look beyond the next quarter or year and identify what key initiatives you must execute upon to re-create your business over the next two to three years.

Act differently.

While operating today's core businesses for efficiency and effectiveness, execute on your strategic priorities to create new customers and new growth.



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