

PRACTICE ANALYSIS

Developing a specific plan, communicating it clearly, and gaining support are essential steps in any business venture. Putting together a strategic plan, including analyzing your market, can increase your chances of success. The SWOT Model can be a useful tool to help you get started in market analysis.

SWOT Model means: **S**trengths, **W**eaknesses, **O**pportunities, and **T**hreats

“If you don't know where you are going, you might wind up someplace else.”

–Yogi Berra

Strategic Planningscroll to page 1

Market Analysis scroll to page 2

The SWOT Model scroll to page 2

Strategic Planning and Market Analysis

Strategic Planning

“Without a plan, the only way you get where you are going is by accident.”

–Anonymous

Creating a plan of action to support your efforts begins by setting goals and outlining the steps required to achieve them. Ideally, this process involves developing a strategic plan that is based on an analysis of the intended outcome and the actions needed to accomplish it. This key information allows you to set and attain a reachable goal in various circumstances.

A well-crafted strategic plan can help you communicate clearly and concisely with the business leaders around you. If you can communicate effectively, you will have greater success in gaining support for services and programs that can benefit both patients and healthcare systems.

A strategic plan has been defined as “an ongoing, future-oriented, values-based process that empowers an organization and its members to identify action strategically necessary to accomplish its mission in an ever-changing and diverse environment” (Safrit, 1998).

To be effective, a strategic plan must:

Clearly identify and describe your service(s)

Recognize and account for your current resources

Set priorities for resource allocation in the future

Though it takes time, the process of strategic planning can provide the basis for further planning such as budgets and staffing. It can also serve as a way to coordinate multiple goals or lines of business (eg, multiple partners or an in-office laboratory) within a practice setting. Additionally,

it can provide the basis for understanding where your practice falls in the healthcare marketplace in your area.

Strategic Planning and Market Analysis

Market Analysis

Conducting a market analysis is part of the strategic planning process. It is designed to provide insight into the available and likely opportunities for your practice.

A primary component of a market analysis is identification and evaluation of the Strengths, Weaknesses, Opportunities, and Threats of any situation. This method is referred to as the SWOT Model.

The SWOT model can also be used to do a general survey or profile of the state of your practice. Having an organized assessment of your practice will create a foundation for your strategic plan.

Strategic Planning and Market Analysis

The SWOT Model

Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis can help determine the strengths and weakness of your practice, as well as future opportunities and threats. Using SWOT analysis allows you to identify both the internal factors and external forces that should be considered as you contemplate various opportunities.

The table below illustrates the method and contains common “diagnostic” questions you can use to evaluate your situation.

Sample SWOT Analysis Table

INTERNAL FACTORS EXTERNAL FORCES

Strengths Opportunities

What does your practice do best?
What are your core competencies?
What do you do well?
What parts of your practice are profitable?
What unique experience do you have?
Where are the opportunities in your area?
What healthcare niches have been overlooked by your competitors?
What future needs of your patients can you meet?
What are the emerging social and political opportunities in your healthcare community?

Weaknesses Threats

What part of your practice needs improvement?

What can your practice do better?

In what areas do you lack resources?

What parts of your practice are losing money?

What is happening in your area that could threaten your practice?

Who are your competitors?

What parts of your practice are most vulnerable?

What are the negative social and political realities in your healthcare community?

Continue the SWOT process by scrolling to the selections below:

The Five Steps of SWOTscroll to page 3

Simple Rules for Successful SWOT Analysis.....scroll to page 3

Evaluating a Single Opportunity: A Case Studyscroll to page 4

The SWOT Analysis Narrativescroll to page 5

Evaluating Competing Opportunitiesscroll to page 6

Limitations of SWOT Analysis.....scroll to page 7

SWOT Worksheetscroll to page 7

Strategic Planning and Market Analysis

The Five Steps of SWOT

Step 1: Create your SWOT table and brainstorm a list of relevant SWOT diagnostic questions to analyze your practice and the opportunity you are evaluating.

Example: A new medical office building is opening in your area.

SWOT question: Should your practice move to the new office building?

Step 2: Decide on 3-5 main questions to use per category.

Step 3: Prioritize the list.

Step 4: Answer the questions honestly and with an eye to the competition. It may be helpful to answer the questions once from your perspective, and then again as if you were your own competition.

Step 5: Create a SWOT analysis narrative that answers the question and adds to your strategic plan.

Strategic Planning and Market Analysis

Simple Rules for Successful SWOT Analysis

Be realistic. Identify strengths and weaknesses of your practice with a balanced thought process.

Have the courage to dream. Analysis should distinguish between where your practice is today, and where it could be in the future.

Be specific. Avoid “grey” areas when possible.

Compare your practice with that of your competition. What do you do better? What do you do worse?

Keep your SWOT short and simple. Answer one question at a time. Don’t over analyze.

Recognize that SWOT is subjective. If there are multiple physicians in a practice, each should independently conduct a SWOT analysis and then compare the results.

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Evaluating a Single Opportunity: A Case Study

Joe Smith, MD, is a CAQ-certified internist/geriatrician. He is in practice with Anne Jones, MD, a fellowship-trained geriatrician. Drs. Smith and Jones practice in a moderately sized community of 400,000. They have admitting privileges at two hospitals and cover patients in ten long-term care facilities.

Drs. Smith and Jones have been asked by a local assisted-living facility to see patients on-site.

Consider the questions that Drs. Smith and Jones might include in each of their SWOT analyses. Click on the [Case Study SWOT Analysis Table](#) for an example.

Strategic Planning and Market Analysis

Drs. Smith and Jones should conduct a SWOT analysis to help them evaluate their new opportunity. Should Drs. Smith and Jones see patients on-site at the assisted-living facility? Can they take on the extra patient load? the added administrative responsibilities?

SWOT Analysis Table for Smith and Jones Case Study

INTERNAL FACTORS EXTERNAL FORCES

Strengths Opportunities

What does your practice do best?

What parts of your practice are profitable?

Long-term care

What unique experience do you have?

Geriatric experience

Certified medical directors

What are your core competencies?

Geriatrics, long-term care

Where are the opportunities in your area?

What healthcare niches have been overlooked by your competitors?

Assisted-living facilities

Continuum of dementia care

What future needs of your patients can you meet?

Age in place of assisted-living facilities

What are the emerging social and political opportunities in your healthcare community?

Increasing number of assisted-living beds and increased competition

Increasing likelihood of regulations/requirement for medical direction

Threats

Weaknesses

What part of your practice needs improvement?

What parts of your practice are losing money?

Out-patient clinic

In what areas do you lack resources?

Office and nursing support for long-term care activities

What can your practice do better?

Communication with long-term care facilities

What is happening in your area that could threaten your practice?

What parts of your practice are most vulnerable?

Staff burn-out from practice volume and high social need

What are the negative social and political realities in your healthcare community?

Assisted-living facilities very competitive

One assisted-living facility is affiliated with main hospital, others are private

Who are your competitors?

Family physicians and internists who practice in long-term care are few, but there are some

Most patients in assisted-living facilities retain their primary care provider; an on-site clinic may be a threat to some.

The next step for Drs. Smith and Jones is to prepare a SWOT Analysis Narrative to add to their strategic plan.

Strategic Planning and Market Analysis

The SWOT Analysis Narrative

A SWOT Analysis Narrative can add to your strategic plan by summarizing the internal factors and external forces that you identified by answering the questions in the SWOT Analysis Table.

Consider the following SWOT Analysis Narrative for Drs. Smith and Jones' case:

Summary of Internal Factors

The practice is uniquely positioned to provide high-quality, on-site care at an assisted-living facility, based on the core competencies of the physicians. Of note, overall revenues are down, the practice staff is stretched thin, and they are struggling to maintain effective lines of communication with the various facilities.

If one of the physicians was off-site one day per week, and able to use the staff of the assisted-living facility for support, it could decrease staff burden at the out-patient site as well as increase revenues. This addresses the main weaknesses facing the practice at this time.

Evaluation of new opportunity in view of internal factors: good option

Summary of External Forces

It appears likely that assisted-living facilities will need medical direction, on-site physicians, or both, in the future to remain competitive or to achieve regulatory standards. Therefore, starting on-site now may be an advantage for medical directorships. In fact, working with a local assisted-living facility could "force the marketplace" and make it important for all such facilities to have medical direction to remain competitive.

However, the practice needs to be very selective in choosing the assisted-living facility in which to become active. There is considerable competition in the area, and the main assisted-living facility is owned by the largest health system. There may be more to consider before establishing an on-site clinic at one facility over another.

Evaluation of new opportunity in view of external forces: good option, with conditions

Strategic Planning and Market Analysis

Evaluating Competing Opportunities

SWOT Analysis can also be used to evaluate multiple options at the same time.

For example, consider the following situation:

You would like to be a medical director for an assisted-living facility. Three facilities in the area have expressed an interest in hiring you.

To compare the opportunities, you first need to evaluate each option separately to determine if it has independent merit. Then, you can make a direct comparison of the acceptable opportunities using the same principles of SWOT analysis.

First, perform independent SWOT analyses for each facility.

Evaluation of Facility #1: good option

Evaluation of Facility #2: good option

Evaluation of Facility #3: bad option

Then, perform comparison SWOT analyses for each acceptable option:

Conduct a new SWOT analysis, basing your questions and answers on the assumption that you have selected Facility #1.

Repeat the SWOT analysis on the assumption that you have selected Facility #2.

Combine the assumptions of these two SWOT analyses to create your final analysis.

*Note: This process can be repeated for any number of possible opportunities.

Strategic Planning and Market Analysis

Limitations of SWOT Analysis

SWOT analysis offers a simple method to evaluate various problems or opportunities. However, it does have limitations in its ability to help determine a specific course of action.

Its power depends on the subjective opinions of the creator. If certain issues are identified and assigned a high priority that is not truly warranted, the analysis could be misleading.

If there are multiple stakeholders, the views of each should be included to make the analysis as complete as possible. However, what one stakeholder considers a strength, another might consider a weakness.

Some feel that the SWOT method suffers from eternal optimism; it is predicated on the fact that an organization or individual can overcome adversity and remain successful in challenging environments.

Strategic Planning and Market Analysis

SWOT Worksheet

Print this page for use as a worksheet to conduct your own SWOT analyses, including writing a SWOT analysis narrative for your particular practice or opportunity. Remember the five steps of SWOT and refer to the Sample SWOT Analysis Table if you need help in formulating questions.

SWOT Analysis Table

INTERNAL FACTORS EXTERNAL FORCES

Strengths Opportunities

What does your practice do best?

Where are the opportunities in your area?

Weaknesses Threats

What part of your practice needs improvement?

What is happening in your area that could threaten your practice?

SWOT Analysis Narrative

Summary of Internal Factors:

Summary of External Forces:

Resource: adapted with permission from AGS Geriatric Practice Management Toolkit at

<http://www.cuph.org/cme/survival/toolkit.jsp>