



WHITE PAPER

Strong Practice Leaders Understand the Competition

Practice managers must be keenly aware of what competing practices are doing as well as practices outside of their catchment area. Practice management requires a firm focus on the competition; identifying its strengths and vulnerabilities is crucial. Since managing a successful practice requires decision and action based on situational awareness, identification of your competition's expectations and preparations is also important.

Because the healthcare landscape is changing so rapidly, accurate and timely information regarding what competing practices are doing is a prerequisite for success. It is said that Field Marshal Erwin Rommel (an intelligent German WWII commander dubbed the "Desert Fox") once declared, "It is not that one general is more brilliant or experienced than the other; it is a question of which general has a better appreciation of the battlefield."

This is why I maintain that knowledge of your competition is a key function of effective practice management. To be clear, practice management is about making and executing decisions, but a market analysis can help support a smart decision-making process.

What is a market analysis?

A market analysis is not just a product, but also a process. A market analysis seeks to identify and evaluate existing conditions and capabilities, estimate possible competitive courses of action, and assist in the development of your practice's course of action.

Gathering information

Information gathered during the course of managing a practice is essential to the development of a timely and accurate market analysis. Indeed all staff members are involved in information gathering in one way or another and thus their knowledge should be tapped in order to better shape the market picture. Aside from gleaning information from your own staff, turning to your professional colleagues is certainly another great trusted source. Beyond those two avenues, you may want to consider linking up with a qualified consultant. These individuals have access to multiple markets, associations, networks and resources (perhaps even your competition). Additionally, they also can prepare a detailed analysis based on your particular specialty and service line and can more easily pulse the market due to their independent status.

Interpreting the information

Once you have obtained the information necessary to build a picture of the competitive landscape, you are confronted with other challenges. Most importantly, you must properly interpret the information. Many mistakes in market analyses are not the result of a failure to collect the correct information, but rather a failure to discern the correct meaning from the information collected.

Admittedly, any assessment of the competition's intentions is ultimately an estimate. While a good market analysis can identify the possibilities and probabilities, there will always be an element of uncertainty in these estimates.

However, when properly focused and given adequate time and resources, a market analysis can come close to meeting these standards. It is important to note though that practices operate in a healthcare environment characterized by uncertainty. Uncertainty is also a fundamental attribute of competition. So, even if the correct information is obtained, there is no guarantee that it will be interpreted correctly or that it will not change.

Gaps in our knowledge of the competition are a natural and unavoidable characteristic of operating within the healthcare industry. We must remember though that a competent market analysis can help reduce some of that uncertainty and help pave the way for strategic planning and business operations within your practice.

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