



# Taking the Lay of the Land: CBO Market Analysis for Strategic Integrated Care Decision

Part of the Aging and Disability Business Institute Series- a collaboration of n4a  
and ASA



## The “Business Institute”

The mission of the Aging and Disability Business Institute (Business Institute) is to successfully build and strengthen partnerships between community-based organizations (CBOs) and the health care system so older adults and people with disabilities will have access to services and supports that will enable them to live with dignity and independence in their homes and communities as long as possible.

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## Partners and Funders

### Partners:

- National Association of Area Agencies on Aging
- Independent Living Research Utilization/National Center for Aging and Disability
- American Society on Aging
- Partners in Care Foundation
- Elder Services of the Merrimack Valley/Healthy Living Center of Excellence

### Funders:

- Administration for Community Living
- The John A. Hartford Foundation
- The SCAN Foundation
- The Gary and Mary West Foundation
- The Colorado Health Foundation
- The Marin Community Foundation





# *Taking the Lay of the Land*

*CBO MARKET ANALYSIS FOR STRATEGIC  
INTEGRATED CARE DECISION-MAKING*



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## Objectives

1. Articulate how undertaking a market analysis can better position a CBO for future success with health care partnerships.
2. List tangible strategies that can help a CBO analyze its own service offerings, as well as the external local market for them.
3. Understand the basic elements of a market strategy that can help a CBO attract the attention of health care payer and partners.



## Positioning Our Organizations for Success

HOW CONDUCTING MARKET ANALYSIS PREPARES YOUR ORGANIZATION FOR SUCCESS



# Formulating A Competitive Strategy

We used some of the framework identified by Michael Porter in his book Competitive Strategy when determining COA's strategy.



# Developing a Competitive Strategy

## What is the business doing now?

- What business are we in?

## What's happening in our environment ?

- Externally and Internally

## What should the business be doing?

- What business should we be in?



## Developing a Competitive Strategy

### What is the business we are in now?

- Identification of core functions and products
- Identify assumptions – what are our assumptions about our position, strengths, weaknesses, competitors, and trends must be made to stay in this business?



## Developing a Competitive Strategy

### What is happening in the environment?

- Customer Analysis
  - ✓ Segments, motivation, unmet needs
- Competitor Analysis
  - ✓ Identify, cost objectives, strengths, weaknesses
- Industry Analysis
  - ✓ Attractiveness, growth, barriers to entry
- Environmental Analysis
  - ✓ Technology, governmental, demographic



## External Analysis leads to:

- Opportunities
- Threats
- Strategic Questions



## Internal Analysis

- What is our level of performance and how is it measured?
- What is our past and current strategy?
- What is our level of innovation?
- What is our cost structure?
- How diverse is our revenue stream?
- What are our organizational strengths and weaknesses?



## Internal Analysis – Internal Organization

- What is our organizational structure?
- What are our important organizational systems?
- What tasks do we perform and which are critical?
- Who are our “people”? What are their skills and expertise?
- What is our organizational culture?



## Internal (self) Analysis leads to:

- Strategic strengths, weaknesses, problems, constraints and questions.
- Can we compete? And **Win**?



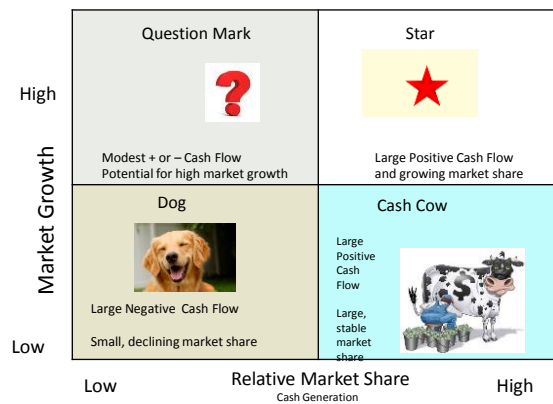


# Developing a Competitive Strategy

- **What Should the Business be Doing?**
  - ✓ How does the current strategy fit with the external and internal analysis?
- Identify strategic alternatives
  - ✓ By product/market: Star? Cash Cow? Dog? Question Mark?
- Select best strategic choice
- Implement strategy
- Review strategy



# Growth/Share Matrix



Adopted from Michael E. Porter, *Competitive Strategy*



## What's a star?

- Functions with high relative share in high growth markets
- Produce good cash flow
- Can fund other core functions

**Strategy:** Maintain and Expand



## What's a question mark?

- Functions with low share in rapidly growing market
- Required cash investment to finance growth
- Weak cash generators because of poor competitive position

**Strategy:** Evaluate and Invest or divest



## What's a cash cow?

- High share in low growth markets
- Produce good cash flow
- Allows you to invest in other core functions

**Strategy:** Maintain and Protect



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## What's a dog?

- Low market share in low growth markets
- Cash traps – drawing on resources



**Strategy:** Support and Minimize  
Impact or Strategically Exit

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## As we identify where all our products are....

We'll look at our products/core functions with an external focus in mind....



## Customer Analysis

- Who are the current buyers of our product?
- Is the current customer satisfied?
- Who are other potential customers?
- What changes in customer motivation are occurring?
- What attributes are most important to the customer at this time?



## Competitor Analysis

- Who are our competitors?
- What are their strengths?
- What are their weaknesses?
- What is their cost structure like?



## Industry Analysis

- What is happening in our industry?
- How attractive is our industry?
- What are the barriers to entry?
- What are the key success factors needed to be successful in our industry?
- What is the cost structure in our industry and is it changing?



## Environmental Analysis

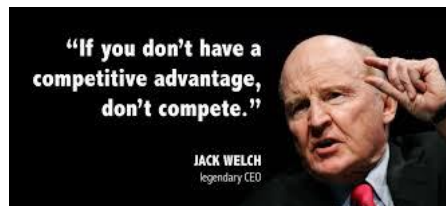
- What demographic changes are occurring?
- What governmental or political factors will present opportunities or threats?
- What societal factors present opportunities or threats?



## Competitive Advantage

For our purposes today, we are going to define it as follows:

**“A competitive advantage is what distinguishes you from your competition in the minds of your customer”**



## Determining competitive advantage

In order to determine your competitive advantage, you must clearly define three things:

- ✓ What is your product? It doesn't matter whether it is a good or service, you need to clearly define it.
- ✓ Who is your target market? In other words, who is your customer?
- ✓ Who is your competition? This includes other companies, products, etc. but also anything your customer does to get its needs met



## To achieve a sustainable competitive advantage:



- You must have an advantage that the market (customer) sees as a key to success
- The advantage has to be substantial enough to set you apart
- It needs to be sustainable considering competitor moves and changes in your external environment



## Selecting the right strategy...



Involves identifying your competitive advantage or in other words...

**What distinguishes you from your competition?**

OR

**Why are you special?**

OR

**What makes you different from the others?**



## Three generic strategies

- Overall cost leadership
  - ✓ Low cost position
  - ✓ Economies of scale
- Differentiation
  - ✓ Creating something that is perceived to be unique in the industry
- Focus
  - ✓ Focusing on a particular buyer group, segment of the industry or geographic market





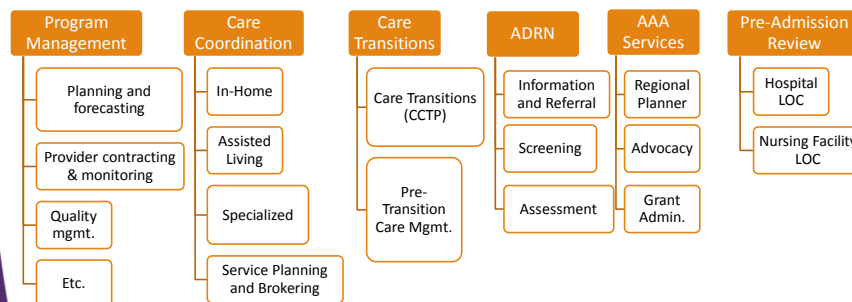
# Market Analysis, Market Strategy and Value Proposition

ATTRACTING THE ATTENTION OF MANAGED CARE  
AND OTHER CUSTOMERS



## Step 1: Identify COA Products

We listed all of our products and then grouped them  
to come up with a list of product lines and products.



## Step 2: Define the products

Product Description				
Description	Sub Products (Note: Current and/or Future)	Customers	Competitors	Service Recipient
Assessment: Telephonic and home-based care which is short-term in nature.	<ul style="list-style-type: none"> <li>• Telephonic (current/future)</li> <li>• In-home (current/future)</li> <li>• Assessment (includes a wide variety of assessments defined by various funding customers) (current/future)</li> <li>• Level of care and program eligibility determination (current/future)</li> <li>• Website/online assessment (future)</li> <li>• Caregiver assessments (current/future)</li> <li>• Nutrition consultation</li> <li>• Telephonic (current/future)</li> </ul>	<ul style="list-style-type: none"> <li>• MCOs</li> <li>• State (ODIFS/ODMH)</li> <li>• Counties</li> <li>• Physicians</li> <li>• Hospitals</li> <li>• Private Pay (i.e., adult children with aging parents)</li> </ul>	<ul style="list-style-type: none"> <li>• Mental health assessors</li> <li>• Providers</li> <li>• Center for independent living options</li> <li>• Independent providers</li> <li>• MCOs</li> <li>• CMOs</li> </ul>	<p>Older adults who are in need of services (typically funded by a third party)</p> <p>Niche – Adults with complex health needs.</p>



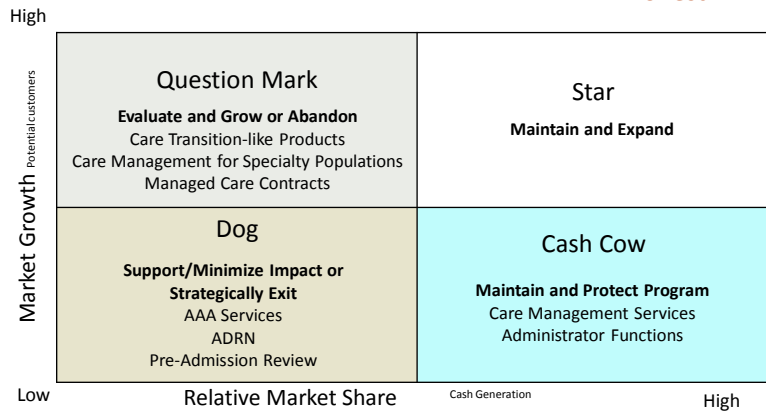
## Step 3: Market Analysis

Market Analysis				
Competitive Advantage	Strengths	Gaps	Weaknesses	Ability to Generate Revenue
In the home	<ul style="list-style-type: none"> <li>• Knowledge of geriatric care</li> <li>• Telecommuting workforce</li> <li>• Call center</li> <li>• Ability to channel adults to a variety of community resources.</li> </ul>	<ul style="list-style-type: none"> <li>• Mental health</li> <li>• Lack of medical knowledge</li> <li>• Lack value stream efficiencies/standardization</li> <li>• Under 60 population</li> <li>• Lack of advanced care planning Tri-State (we are only in SW Ohio)</li> <li>• Ability to connect with diverse populations</li> <li>• IT tools/infrastructure for efficiencies (i.e., use of GIS for scheduling, web connectivity on the road).</li> </ul>	<ul style="list-style-type: none"> <li>• IT – PIMS</li> <li>• Financial Resources for IT</li> </ul>	Medium plus to high



# Step 4: Create a Market Strategy

**Tip:**  
Be *Brutally*  
Honest



# Step 4: Create a Market Strategy

Strategies		
Short Term Strategy (w/in 1 year)	Mid Term Strategy (w/in 2-3 years)	Long Term Strategy (4 or more years)
Prioritize and address gaps Develop marketing strategy and product development for bidding on upcoming opportunities. Establish relationships with potential partners. More of the same. Develop cost leadership position in the market.	More of the same. Develop cost leadership position in the market.	Grow the service.



Why can't we stop now that we have a market strategy?



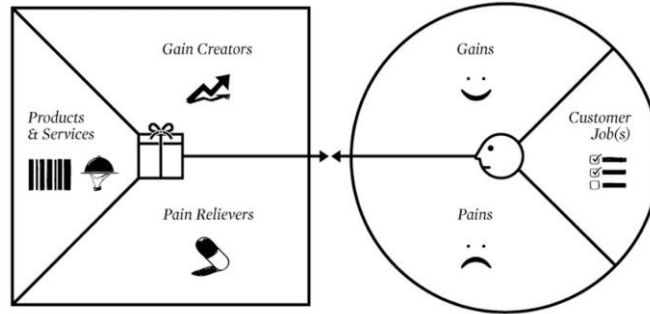
Problem: All the thinking to This point has been from OUR perspective

What do we know about our customers?

What is the *value* of our product to our customer?



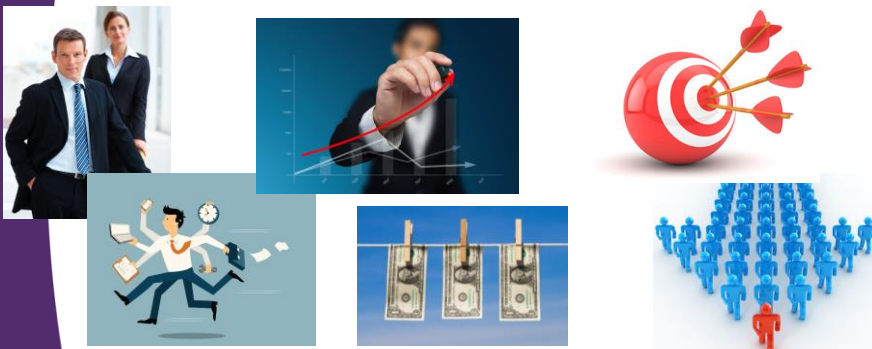
## Step 4: Building Your Value Proposition



Source: "Value Proposition Design: How to Create Products and Services Customers Want" by Alexander Osterwalder



## Who is your customer?



What job do they have to do?



What are their Pains?

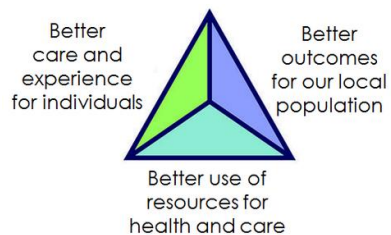


## What are their Gains?



## How does our product create gains and alleviate pains?

### Gains Created



### Pains Alleviated



## Example: Value Proposition

COAs care management services provide the expertise in home and community based care to manage the population health of the **highest risk patients**, while **reducing cost** and **improving the patient experience**.



## Step 5: Validate the Value Proposition



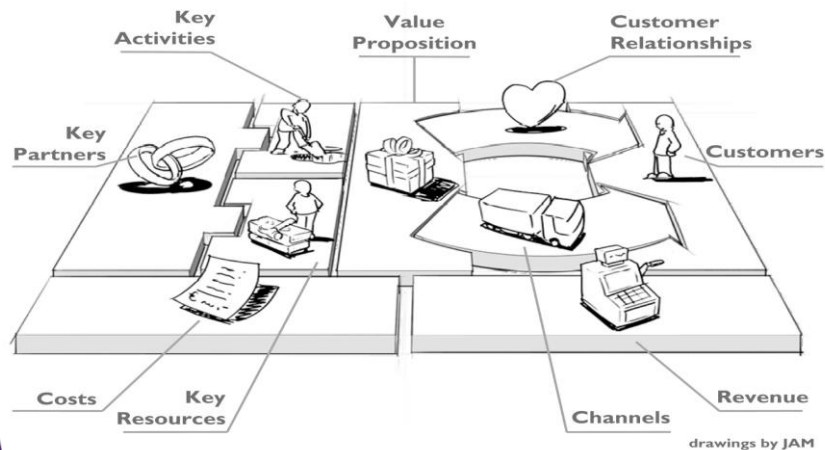


## Step 6: Competitive Strategy

- Internal Focus – What changes do we need to make?
  - ✓ People
  - ✓ Systems
  - ✓ Structure
  - ✓ Culture
- Tie changes back to our strategic plan
- Connect the internal strategy with the external market forces.



## Step 7: Build your Business Model



Source: "Business Model Generation" by Alexander Osterwalder and Yves Pigneur



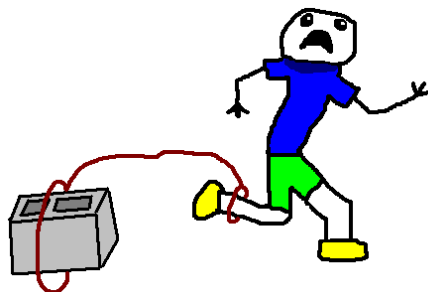


# Lessons Learned

THE GOOD, BAD, AND UGLY



# Lessons Learned



We can't move fast enough.



## Lessons Learned



Devote **dedicated** time to these activities.



## Lessons Learned

Look **outside** our industry for ideas and opportunities



## Lessons Learned



The customer wants what the customer wants...not necessarily what we want to sell.



## Lessons Learned



- MCO Data Systems are not as robust as we anticipated.
  - ✓ May not be built for LTSS
  - ✓ Drives workflows and may not be efficient
  - ✓ Only as good as the data being fed by the state
- Data is critical to your success. Don't wait too long to "build your own".
- If you can, contract to use your own data systems.



## Lesson Learned

Focus on creating a culture to compete:

- Employ data driven decision making
- Focus on outcomes, quality and results
- Become sales and customer service focused
- Use cost and price models – to price services, understand the cost of operations, and drive the culture change
- Performance manage your staff.



## Lesson Learned

The Struggle is Real.

Build it and they will come?

**Maybe not.** Even if they want and need it.

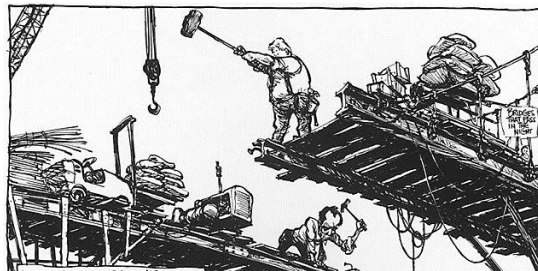


## Lesson Learned

This is a marathon,  
not a sprint.



## Final Thought



"I want to build a bridge!" said one.

"A bridge?" said the other, "To where?"

"A bridge to the twenty first century," said the first.

"Ah!" said the other. "So do it!"

Then they said, "That's a very long way. Let's just build Bridges to November."

And they did.





*In the book of life's questions,  
the answers are not in the back.*  
~ Charles Schultz



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