“Competitor Proof” Your Practice!

How to Ethically Protect Your Practice from Today’s Rampant Competition...

Stewart Gandolf, MBA
Founding Partner
Healthcare Success Strategies

Nationally known speaker, author, and consultant to over 1,457 private practices

Plus, win your fair share of the most desirable cases and ensure your practice’s continued prosperity

Over the past twenty years working with private medical practices, we’ve noticed one regrettable but unstoppable trend...

Competition in private practice is already rampant – and getting worse.

Perhaps not surprisingly, competition is particularly thick for the most sought after cases, i.e., those that either reimburse well and/or are fulfilling.

The most obvious symptom of increased competition is the recent flood of private practice advertising. Over the past 18 months, we’ve seen medical advertising surge – up to 100% or more – in cities and towns across North America, including media such as the Internet, newspapers, yellow pages, radio, magazines, direct mail, television and even billboards.

What’s more, many specialty groups have moved beyond advertising and now employ professional salespeople to woo area doctors to win more referrals at the expense of their competitors.

(You probably have noticed both of these trends in your own back yard.)

Time and again, ethical and well-qualified doctors are completely overlooked by prospective patients, simply because somebody else is a far better communicator. Since no one ever taught patients how to choose a doctor, even some of the most well-established doctors are reporting significant declines in revenue.

Competition is the “800 pound gorilla in your living room”

While you’re no doubt very aware of increased competition (like a gorilla in your room, it is very hard to ignore) the fact remains that no one likes to talk about it – or even admit that it exists.

Of course, that attitude is understandable. After all, you’re an ethical doctor who got into practice to help people. Furthermore, the whole topic of competition not
only feels uncomfortable, it’s downright controversial.

As a result, many doctors will stay in denial until their competitors’ marketing has done devastating – and sometimes irreversible – harm to their practices.

We therefore feel compelled to speak openly about this trend, and more importantly, give you specific advice about what to do now – while there’s still time for you to make the necessary critical adjustments to your practice. (More on that later.)

3 Dangerous Myths that lull doctors into competitive complacency

Doctors often fail to take appropriate action to combat competition due to one or more of the following myths.

“All you have to do is be a good doctor, and you’ll automatically be successful.”

While that may have been true in the 1950s, nowadays that presumption is an outdated and dangerous fallacy. Beyond the ever-present problems of declining reimbursements coupled with rising costs, today there is very little correlation between a doctor’s skill level and how busy and/or profitable he or she is. In fact, chances are you know many excellent practitioners who are not as busy or profitable as they should be (whether they will admit that to you or not). Furthermore, given today’s increasingly complex world, doctors who are “bad at business” have one thing in common – they are (or soon will be) employees.

“Being busy is the same thing as being successful.”

By now you’ve seen for yourself that being busy is not enough – and simply running faster will not make your practice more profitable. (Doctors tell us all the time that they feel like hamsters on a wheel.) Today, you’ll need think about increasing the quality of your caseload, not just your quantity.

“Marketing would make me look needy or greedy.”

Sadly, many doctors stay in the same rut year after year because they are afraid that proactive efforts to compete and build their practices (marketing) might make them look needy or greedy. Beyond the fact that their competitors have no such qualms and quietly cheer when others choose to stay silent (see below), it is important to note that doctors who choose not to market are consciously deciding to withhold valuable information which would help convince people to get the medical help they need. Is purposely keeping patients uninformed really the most ethical choice?

“How did competition get so bad?”

The inexorable and relentless march to increased competition has caught many doctors off guard. After all, in the old days healthcare was artificially protected from market forces and the winds of change. Employers were paternalistic, nearly everyone had great insurance, the population was growing, laws were on the books which artificially inhibited competition, doctor marketing was illegal – everything was rosy.

In fact, 30 years ago a “gentleman’s club” attitude prevailed. There was plenty of business to go around, and everyone felt very “collegial.”

But then private practice got tougher and things began to change – slowly at first but accelerating to the point where now the brave new world YOU face is entirely different and not nearly as comfortable.

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“The Era of Physician Camaraderie Is Over”

While preparing this whitepaper, I happened to come across an independent article in a leading physician’s magazine that aptly describes today’s declining physician camaraderie. It was authored by a doctor who has left practice to found a social networking website for doctors (call us for the full article).

“The era of physician camaraderie has long since passed...The practice of medicine has become rushed, exhausting and solitary...Physician morale is plummeting...Now our incomes are dropping and, far from being societal..." healthcare providers. ‘There is clearly a crisis in medicine....”

Six Factors that gave rise to today’s rampant practice competition.

Now that we’ve discussed the broader landscape, let’s dig deeper into the most important factors that have given rise to increased competition.

1. Declining reimbursements coupled with rising costs

While today declining reimbursements and increased costs are top of mind for most healthcare practitioners, the trend is not new. While the exact start date is hard to pinpoint, some cite the HMO Act of 1973 as the beginning of the end.

While changes in healthcare can sometimes seem glacial, an ever-present decline in reimbursements even as low as 2%, coupled with a 3-5% annual increase in expenses, compounded over years eventually has an enormous impact on profitability.

This ever-present pressure has driven healthcare practices to desperately attempt to reduce costs and increase efficiencies. The problem is, for most practices the “fix” is long gone, and further cuts go straight to the bone.

As a direct result, competition for the higher reimbursing cases began to explode.

2. The trend toward group practices

Over time, medical doctors (and other healthcare providers too) began to band together in an attempt to share/reduce overhead costs and effectively win contracts from insurance companies.

Due to politics and other internal difficulties, a lot of group practices failed or split apart in the early days. However, eventually some began to get it right, and the successful large groups became well-funded, powerful forces within their communities. What’s more, as these groups grew, they became far more sophisticated in their business practices and marketing (more on that in a moment).

3. Bates V. State Bar of Arizona made practice marketing legal

Speaking of marketing, the Supreme Court Case Bates V. State Bar of Arizona, 1977, was a watershed for healthcare practices, even if the public (and many doctors) barely noticed.

Essentially, marketing for private practices became legal for the first time. During the following years, the state boards begrudgingly deemed marketing to be ethical as well.

Here again, changes were slow at first. Marketing was too taboo for most doctors to contemplate. They either dismissed the subject entirely or assumed that only desperate or unethical doctors would resort to marketing.

Still, business savvy doctors began to experiment with marketing. The early days were easy for them because there was such a void in the marketplace. As their successes and marketing budgets grew, they hired marketing consultants and advertising agencies to help them grow to the next level. Over time, many doctors quietly became very, very good at marketing, and enjoyed enormous (sometimes multi-million dollar) successes.

Today, the quality and quantity of healthcare practice marketing has grown enormously. (See below.)

4. Influx of doctors from new sources

Once change that virtually everyone agrees has been positive for healthcare is the influx of doctors from non-traditional sources, i.e., women and foreign-born doctors.

As they entered private practice, many of these new doctors often found themselves outside of the “good-old-boy” network. As a result, these young doctors often banded together to form their own referral patterns.

As referral patterns became permanently altered, the clubby atmosphere faded, and together these changes subtly opened the door for still more competition.
As we discussed earlier, marketing really began to lose its allure when it just wasn’t an issue. Today, however, competitive marketing is an essential factor that we consider very much a part of the overall healthcare needs, which naturally dampens demand for discretionary healthcare goods and services.

Sadly, over-extended consumers often put off critical healthcare needs, which naturally dampens demand for discretionary healthcare goods and services, leading to a smaller pie for doctors to share.

When we first began consulting for doctors, we rarely thought much about their competitors’ advertising. With a few exceptions, it was either nonexistent or so bad that it just wasn’t an issue. Today, however, competitive marketing is an essential factor that we consider very much a part of the overall healthcare needs, which naturally dampens demand for discretionary healthcare goods and services.

Eventually their competitors took notice, and felt compelled to join the game. Budgets got bigger, markets got smaller and smart doctors sought out sophisticated marketing help. Today, practice healthcare marketing probably lies somewhere in the late majority stage.

In his 1962 book, Diffusion of Innovations, Everett Rogers theorized that adopters of any new innovation or idea could be categorized as innovators (2.5%), early adopters (13.5%), early majority (34%), late majority (34%) and laggards (16%), based upon a bell curve. This extremely useful theory applies to products and ideas as well.

According to Rogers, Innovators tend to be adventurous, Early Adopters are leaders and upscale, Early Majority are deliberate, Late Majority are skeptical and Laggards are fearful. Today, practice healthcare marketing probably lies somewhere in the late majority stage.

Doctors in denial now often find themselves “unarmed” in the battle for the best cases. Eventually tangible symptoms of their problems emerge, including (but not limited to) relative obscurity in the marketplace, declining new patient counts, low reimbursing cases and declining profits.

For most practices, competition is only going to get worse. Here’s why:

- MBAs and others who’ve studied business are not at all surprised by these increases in competition. In fact, it happens across industries all the time.
- While healthcare used to be an artificially safe harbor, for reasons we’ve already described it is now subject to the brutal forces of the marketplace, just like any other business.
- To get an insight as to what lies ahead, consider the US auto industry.
- At the turn of the 20th century, there were over 100 automakers in the U.S. Today, only a handful of multinational conglomerates remain.

What happened to the rest? They were road kill, shot down by their inability to adapt to a rapidly changing and competitive marketplace.

Yet, YOUR practice can survive and thrive. More on that in a moment...

The future for doctors? For our prediction, we look to Vilfredo Pareto.

In case you haven’t heard of the Pareto principle, (also known as both the 80/20 rule and the law of the vital few), here’s an explanation, a little history, and more importantly, what it all means to you.

Vilfredo Pareto 1848-1923

Pareto, an Italian economist, first noted in 1906 that 80% of the wealth in his homeland was owned by just 20% of the families.

What’s far more interesting is the fact that his observation (i.e., 80% of the effects comes from 20% of the causes) is incredibly far-reaching and applicable just about everywhere.

Consider these examples:

- 80% of sales commissions are earned by the top 20% of salespeople. The same rule applies no matter the industry, insurance, real estate, software, etc.
- 80% of the beer in America is consumed by the top 20% of beer drinkers.
- 80% of your staff problems will come from 20% of employees. (This applies to patients too).
- 80% of your profits will come from 20% of your referring doctors and patients
- And 80% of the wealth in AMERICA is held by the top 20%

What’s more, you can extrapolate the 80/20 rule – in other words the top 20% of the top 20% (4% overall) controls 80% of the 80% (64% overall). Taken to the next level, it turns out that the top 1% of Americans control about 50% of our nation’s wealth.

Even more vitally important to you...

Just 20% of the practices will capture 80% of the best and most desired cases.

In fact, the Pareto Principle already applies to countless doctors in marketplaces all across America, irrespective of their specialty. As a result, you should do everything you can to grow and prepare now, in order to make sure you are in that top 20%.

Consider a brief history of LASIK, which is a terrific example of the Pareto Principle in action.
When LASIK first came out, most ophthalmologists adopted a conservative, wait-and-see approach. Many were afraid to risk any money at all, while others played it safe by renting or sharing a laser, with the hopes of performing a few surgeries here and there.

However, a minority of doctors saw the tremendous economic opportunity that LASIK presented. At $2,000+ per eye, they knew LASIK would go a long way to cure their frustrations with the double whammy of declining reimbursements and increasing hassles.

So, the most savvy doctors jumped in with both feet – they invested heavily to get appropriate training, bought a laser, and began marketing aggressively.

Think about the ramifications…

Because they invested heavily and early, these ophthalmologists were able to capture pent up market demand while their colleagues sat cautiously on the sidelines.

As a result, they could soon boast in their advertising about hundreds or even thousands of successful eye surgeries.

As more cautious consumers entered the marketplace, they looked for doctors with EXPERIENCE. After all, we are talking eye surgery here.

Thousands of patients per year multiplied by $4,000 per case yielded enormous profits – sometimes $20 million or more annually. Beyond the profits, all that money created a formidable war chest for each of these doctors, much of which was funneled into – you guessed it – more marketing.

The more these doctors advertised, the more market experience they received. They were able to profitably test, learn and make adjustments.

Right about the time the LASIK price wars began to break out, other ophthalmologists finally entered the fray. But alas, it was too late for most. The market leaders had by this time created tremendous efficiencies in their operations, built ongoing profitable marketing systems and could now boast many thousands of successful surgeries. In effect, they held all the cards.

Today, in virtually every marketplace across the country, there are 2 or 3 LASIK leaders – and everybody else fights for scraps. What does that mean?

The Product Life Cycle

The Product Life Cycle is a far-reaching theory attributed to Theodore Levitt based upon his 1965 Harvard Business Review article, “Exploit the Product Life Cycle.” While the history of LASIK is a highly visible example, it applies to virtually all industries, including private healthcare practice.

The Introduction phase is typically characterized by growing awareness and trial purchases, the Growth phase is characterized by increased sales and the emergence of new competitors, Maturity is characterized by flattening sales growth and a competitive shake out and eventually the Decline stage begins when new technologies or business models take over.

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Today, given the evolution toward large groups, private healthcare practices as a whole are somewhere between Maturity and the Decline stages.

80% of doctors and practices will be left to fight amongst themselves for only 20% of the market.

Put another way, if you allow yourself stay in the lower 80%, you, too, may well need to get accustomed to settling for scraps.

Given all the other ever-present pressures of private practice, some doctors will respond to increased competitive pressures by exiting practice either through early retirement or entirely new careers. Worse, many other doctors will find themselves forced to give up their independence and join larger organizations as either minority shareholders or employees.

An ominous warning…

I speak at professional association meetings from time to time, and recently someone in the audience asked me about competition and the future of private practice. I went on to share much of what I have described here.

Interestingly, several different doctors from different states came up to me afterwards to tell me that I was the first person they’d heard reveal the unspoken truth about competition. I queried them to find out why they were so sure I was correct.

Eventually each confessed to me (in hushed tones) that they had quietly captured 50% of most desired cases in their respective markets – while their competitors slept.

Head-in-the-sand denial can lead to disaster

A head-in-the-sand approach to competition is not only misguided, it’s dangerous to your practice’s reputation and bottom line. The world has already changed, whether you like it or not.

But in spite of all this new competition, resourceful, prepared practitioners will not only survive, they will prosper. In fact, while only about half of today’s remaining practices will likely survive in coming years, those doctors who take action now will grow their practices and be far better off than they are today.

There’s still time to take control of your own destiny – If you take aggressive action now to correct your marketing deficiencies.

Perhaps your practice is already the “market leader,” and you are concerned about protecting your market share and proactively shaping your reputation.

Alternatively, maybe your practice is the “best kept secret” in town, and you need to attract more patients as a first priority.

Or, perhaps your practice is somewhere in the middle, and you need to build your referral sources, attract better paying cases, expand services or locations, support new providers or achieve some other growth objective.

Whatever your current situation, it is clearly in your best interest to proactively plan and take tangible steps now to ensure your practice’s continued growth and prosperity for many years into the future.

It’s a whole lot more fun to, “Be like Bob”

Bob, a long-time client and friend called me the other day. When we first worked together ten years ago, he was just starting out and faced enormous competition (this is back when competition was first heating up). Fortunately, Bob took my advice, began a comprehensive marketing program and today is one of the two leading doctors in his city. Phone calls with Bob, therefore, are always fun.

Coincidentally, Bob brought up the subject of recent increased competition in his city, and he noted that even the most conservative doctors in his area are now marketing aggressively. But Bob’s not worried – his successful marketing systems made him the market leader long ago. His firmly entrenched marketing plan continuously generates new patients and builds his reputation – just like we had planned all along.

Build your practice now to be the victor … not the victim.

Fortunately, while the “good old days” are already gone, there’s still time to ensure your practice survives and thrives well into the future. But you must take action. Now.

Your first priority must be to protect your practice by growing strong, staying independent, and competing successfully. You must get your practice into the top 20%
of practices immediately, and eventually into the top 4%. Only profitable growth will ensure your practice’s long-term safety.

**Profitable growth will bring you many competitive advantages:**

When you grow your practice with the best cases, protecting your practice (and livelihood) will get a lot easier. Here’s why:

You’ll have control of large numbers of loyal patients, a vital asset to have in the coming, ultra-competitive years. After all, thousands upon thousands of happy patients will build word-of-mouth quite rapidly for large practices like yours.

You’ll have more clout with which to negotiate favorable insurance contracts. In fact, you’ll be in the catbird’s seat, able to choose which payers and types of cases you want, and which ones you don’t.

You’ll be able to afford the best management, equipment, facilities and systems, thus gaining a vital competitive edge. Plus, higher volume means much more efficient utilization of costly equipment, which means a much more attractive bottom-line for you. It’s a win-win — patients will get better care, and your practice will be more profitable.

Since consumers trust experience, the more patients you treat, the easier it will be to convince patients they you are the practice they need.

Finally, when your competitors turn up their marketing to an even higher level, you’ll have the resources to match them, blow for blow. No matter what they throw at you, you’ll be able to win. Therefore, you’ll not only “get your name out,” you can actually build your market share.

So, any way you look at it, profitable growth is good. Inaction is bad. But, you must take action fast in order to assure your survival in the future.

Given the alternative, it’s a lot more fun to be on the winning side of the equation.

**“Can I maintain my reputation as I take the necessary steps to grow my practice?”**

That’s certainly a reasonable question to ask, especially in lieu of some of the questionable tactics some misguided practitioners have resorted to in the past.

The good news is, though, you don’t have to submit to lowbrow techniques in order to get new patients. In fact, a doctor should never resort to mudslinging, misinformation or unethical behavior under any circumstances. (And we politely pass when such doctors approach us.)

In truth, you can actually improve your reputation amongst both your referring colleagues and patients, while at the same time growing your practice through ethical, effective marketing.

With the right guidance and the right message, your market will stand up and take notice. By putting your best foot forward, you’ll not only create an image your market wants, you can even brand your practice to make it memorable in a positive way, just like Nordstrom or Mercedes do.

In the end, you’ll keep the respect of the colleagues you admire most, while protecting your patient base and building your practice to new levels.

**Grow, protect and “competitor-proof” your practice with a well-designed Strategic Marketing Plan**

Given all that we’ve discussed so far, and because some of your competitors are probably further along the path than you, a strategic marketing plan is now a necessity for your practice, and it is therefore our recommended “next step” for you.

If you like, our firm can help you develop a strategic marketing plan (more about that in a moment), but first, here are some of the issues your plan must incorporate.

**Which kinds of cases do you ideally want to attract?** In other words, which cases do you enjoy, are you particularly well qualified for, and/or reimburse well?

**Who is your target audience?** Who are they, where do they live, how do you reach them, and how do you motivate them to take action?

**What are the strengths and weaknesses of your practice?** Which competitive advantages can you capitalize on, and which weaknesses must you fix immediately?

**What opportunities and threats are external to your practice,** e.g., economic factors, legislative concerns, turf wars from other specialties, etc.

**What are your competitors doing?** Are they marketing overtly through advertising, quietly reaching out to their patient base and/or wooing your referring doctor base? What appeals are they using in their marketing?

**What is your current marketing budget?** What should it be?

Which marketing strategies and tactics would make the most sense for you?

**PRACTICE BRANDING**

What is your practice’s positioning and brand in the marketplace? In other words, “Why you?” How well do you communicate that?

**PROFESSIONAL REFERRAL MARKETING**

how to win more doctor referrals (and protect the referral sources you already have)
Meet and get a custom, step-by-step marketing plan for your practice for as little as $995!

The founders of Healthcare Success Strategies have personally consulted with more than 3,243 clients, and we have hand-picked top Practice Marketing All-Stars to work with our clients. Our evidence-based methodology means that our advice is never based upon personal bias or whimsy rather, it is based upon what we’ve seen work—and not work—a substantial portion of the time before.

Best of all, because we work with so many practices, we can do a marketing plan for you $995 per attendee—a fraction of the $10,000+ that traditional marketing agencies would charge you.

Upon receipt of your materials, we’ll begin working behind the scenes for you. We’ll analyze your main competitors’ marketing efforts. We’ll review essential market research on your behalf. We’ll audit your marketing materials, including your website. By the time we talk live, we already have a great “head start” on your practice.

EXAMINATION PHASE (Pre-meeting phone consultation)

We’ll talk with you and your practice’s leadership via a 90-120 minute conference call. Here you’ll get the opportunity to tell us everything we should know about how you practice. We’ll also ask you dozens of on-point questions, to help you surface hidden gems, and get you thinking in a whole new way.

We’ll talk about your philosophy of care, how you practice, your reputation, your concerns, your risk-taking ability, your goals, your budget—and anything else that is relevant to your situation.

By the time you leave this call, you’ll not only feel heard, you’ll be confident that you are finally headed in the right direction.

DIAGNOSIS PHASE (Review and Compilation Of Findings)

After we’ve had the conference call, behind-the-scenes we’ll craft the first draft of your marketing plan, based upon our many years experience. Your plan will not be theoretical; rather, it will be very specific to your situation, personality and budget.

Many times we’ll be able to complete the plan based upon our work to date. Sometimes, additional questions will come up that we’ll follow up with you about before presenting your final plan.

EDUCATION (Instructional Content)

We find that clients make better decisions when they are fully educated on “what works.” Therefore, we provide intensive education as part of our 2-day meetings. You will receive your instruction in eight exciting, fun, interactive small group sessions, led by one or more ultra-experienced pros. Best of all, it is highly personal. Your consultant will work with at most 4 other practices at the meeting.

TREATMENT RECOMMENDATIONS (Up to 3 private meetings and your marketing plan presentation)

We will meet with you 2-3 times privately at the venue, and at the appropriate time we will present your 12-month marketing plan. Your marketing plan will contain specific strategies and tactics for you to follow over the coming 12 months, including doctor referral strategies, internal marketing strategies, Internet strategies, external marketing strategies and branding strategies.

Of course, you’ll have the opportunity to give input provide feedback, and we will make adjustments to your plan as appropriate. By the time we are finished, your marketing plan will “fit you like a glove.”

YOUR TREATMENT BEGINS

(Fight back against aggressive competition with marketing support from Healthcare Success Strategies)

Most practices who go through our 2-day program ask us to help them implement all the recommendations they receive. If you like, we can help you attract patients, increase your referrals, create marketing materials for you (brochures, ads, websites, etc.) and/or train your staff. Of course, there is no obligation to continue with us after the planning process, but it is good to know you won’t simply receive just “a bunch of ideas.”

If you just can’t get to Atlanta, we have several other options for you to work with us.

Because some of our clients just can’t get away, we offer you a variety of ways to get your marketing plan, including a “virtual seminar” on-site visits and resort visits. Call (888) 679-0050 ext. 4 for details.

Here’s how our 2-day meeting works...

Intake Phase (Practice Questionnaire, Competitive Review, Audit of Your Marketing Materials and Marketing Research)

Once you sign up, we’ll send you a detailed questionnaire about your practice. We want to find out who you are, how you practice, your goals, what you are trying to achieve, your marketplace, your budget, what makes you special, etc...

We’ll also ask you to return samples of your current and past marketing efforts, photos of your office, and other materials that will help us assess your situation. Don’t worry, a substantial portion of the preparation can be delegated to staff.

Program Agenda

Pre-Meeting Preparation

Marketing Preparation
90-Minute Phone Consultation
Marketing Research
Competitive Research

Friday 8 - 6
Private Consultation
Ethical Marketing
Branding
Patient Referrals
Doctor Referrals

Saturday 8 - 4
Private Consultation(s)
Internet Marketing
Publicity/ Free Press Advertising
Walk Out With...
12-Month Practice Marketing Plan
Plan Implementation

Save $995

Register now and get a second attendee free

Because this meeting is so important to your future, we will waive your second attendee’s tuition for the first 3 practices who call us to register. That means you can bring a partner, spouse or administrator at no additional charge. But you’ll have to register now.

Call (888) 679-0050 ext. 4 to register or get your questions answered.

Our Client Ambassador is standing by to answer your questions. So call her at (888) 679-0050 ext. 4 now. Or, if you prefer, you may also register online at www.HealthcareSuccess.com/2-day-conference.html.