

THE STRATEGIC DEVELOPMENT
OF A MEDICAL SERVICE
COMPANY. CASE STUDY “VASH
DOCTOR” COMPANY.

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Abstract <p>It is impossible for a firm to be efficient in a long-term prospect without an effective strategy; where a strategy is a well-thought corporate action plan or valid business guide for company managers. A strategy helps to integrate business decisions and competitive actions to make a strategic choice. A long-term strategy development has a great influence on the company's well-being.</p> <p>The following study is aimed at making some steps in developing strategy for "Vash Doctor" medical service company. "Vash Doctor" has been operating on the market since year 2005; however the management team of the company has never had a strategy for this company before. Nowadays company is facing a problem that it is difficult to develop a business if there is no direction for that.</p> <p>This study is the first step in developing the strategy for the company. This study includes company environment analysis, analysis of the clients and the competitors of the company; it defines product-market combinations and sets some strategic objectives which should be accomplished at first.</p> <p>This work will help the company management team to analyze company positions and performance, and moreover it will positively affect the company business. This study will be also useful for beginner consultants, who are starting work with real companies.</p>		
Keywords strategy, strategy development, internal environment, microenvironment, macroenvironment, strengths, weaknesses, opportunities, threats, competitive advantage, competitive analysis, competitor, customer, product, product-market combination, strategic action plan		

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1 INTRODUCTION

1.1 The purpose of the Study

The purpose of the following thesis is to develop a strategy of a certain medical company. There are some reasons why this subject was chosen. One of the most important spheres during my studies at the university was a business development, which includes stages from creating a business idea to its actual implementation. In practice, when starting a business we should ask some questions: in which field do we want to develop a business? Which goals do we set? How are we planning to achieve these goals? In simplified form, a strategy is a combination of answers to these questions. When I chose this subject as a theme of my theses, I wanted to organize my knowledge in this field.

I wanted to concentrate on some certain strategy elements, because the creation process of the whole strategy covers each and every sphere of the company; and it is a wide and complicated process. My work will be practical; and it will be done for a certain company. I did not want to describe an existing strategy of well-functioning company, but to take part in strategy development process and try my theoretical knowledge in practice. I had a chance to work on this subject with a medical company “Vash doctor”, for this reason I chose this subject to be the theme of my thesis.

Moreover medical business is an attractive area, because it is a large growing market. The reason is the growth of people’s prosperity, and willingness to invest more in their health and health of their families. There are a lot of new medical products and services that become more and more available with the development of new technologies. This fact leads to perceiving medical products and services as a purely technological task: the introduction of new methods of diagnostics and therapy and new types of professional equipment and medications.

However, it is extremely important to keep in mind that medical business is a business. Management of a medical service company like management of almost any other company should analyze the company macro environment, its rivalry, its strengths and weaknesses, opportunities and threats of the company; and treat patients as clients. There is a widespread problem that medical service company owners are competent doctors, but have a poor business knowledge base.

I think that my work will be important for the company, and it will help the company management team to see their company as a business unit. It will lead to better understanding of their company, its positions and will positively affect the company business. I think that this study will be useful for company managers, and for beginner consultants, who are starting work with real companies. I will include into this study notes on difficulties and limitations that I faced during my work while applying theoretical base to real cases.

I think that this work is also extremely important for my professional growth, because it covers almost all aspects of business development area: strategy in a narrow sense, marketing, aspects of human resource management and finances. Moreover I have a great possibility to apply my theoretical knowledge in real assignment.

1.2 The structure of the Study

There are seven sections in this study. Each of these sections describes a specific area studied. Section one is the introduction where the purpose and the structure of the study are being described. This section also gives a brief description of a company background which case has been studied in the following work and the research questions that should be answered.

Section two is a research on strategy and methodology. It describes the research design and data collecting methods used in the research.

The third, the fourth and the fifth sections are the theoretical background of the research. Section three describes the strategy itself: what a strategy is, what it is used for, what it is based on, and what makes the strategy development a practical process. Section four concentrates on the internal and external company environment and explains how these areas can be analyzed. The fifth section gives a precise look on the company microenvironment; specifically on such topics as analyses of the clients and the competitors of the company. Section five also covers strategic market-product combinations analysis.

Section six answers the research questions and displays the results of the study in detail. The strengths and weaknesses, opportunities and threats of the case company are being described in this section. There are clients' and competitors' analyses presented. The potential and problematic market combinations are defined, and the strategic action plan is developed.

Section seven is a discussion where the conclusions are made. This section reflect the thesis development process, describes what has been done, and explains the value of the research made. This section also takes a brief look on the areas of the case company that should still be developed.

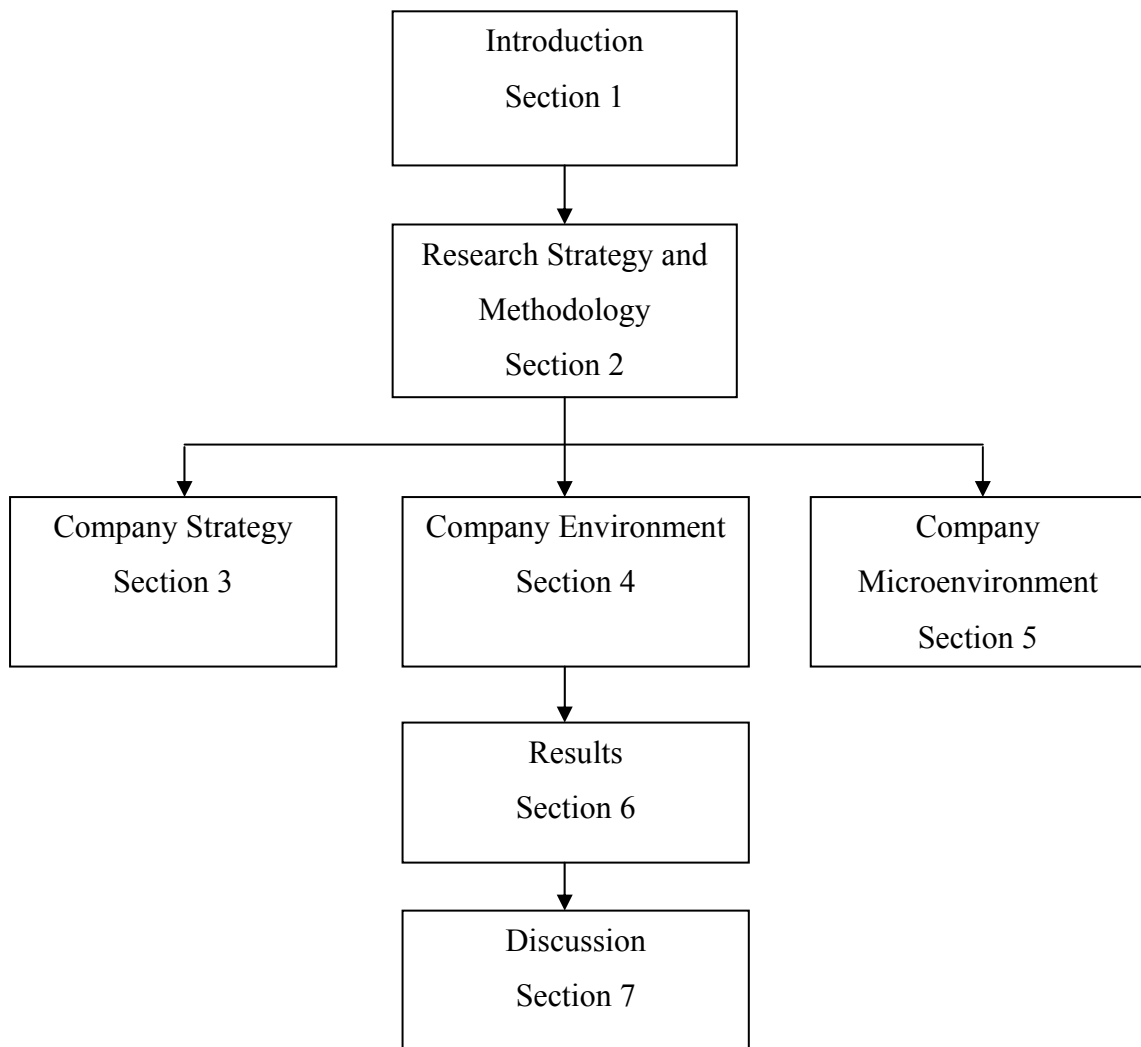


Figure 4. Structure of the Study

1.3 The company Background

“Vash Doctor” company was founded in 2005 in Obninsk city, Kaluga region, Russia. It is a medical service company, specializing in medical services and consultations for children aged from zero to eighteen. Just a small percentage of services and consultations render to adults. This is the reason why the company management positions the clinic as a family clinic. Company employs doctors in such spheres as pediatrics, otorhinolaryngology, surgery, dermatology, neurology, endocrinology, neonatology, and urology. The feature of the company is that it is possible to get a doctor consultation at home. This is a unique service for private clinics in Obninsk city.

The founders of the company were CEO and company’s chief doctor. The permanent employees are: CEO, a chief nurse and three administrators. CEO is responsible for administration, financial management, marketing, and procurement. The chief nurse is responsible for monitoring cabinets, sterility norm maintenance, and medical instruments care. Administrators are working with clients, accepting the calls and registering patients for medical consultations, and clients’ database maintenance.

The major part of the medical specialists work as part-time employees. The amount of part-time specialists is varying from fifteen to twenty. The chief doctor also works as a part-time employee. He is responsible for medical staff recruitment, patients’ medical record cards control, working hours’ timetable for doctors and finding solutions to questions about certain patients’ cases.

A set wage and premium pay, depending on company financial results, form salary of permanent employees and the chief doctor. Part-time specialists are paid at the rate of 60% of the cost of visiting patients at home, and 35% of regular visits at the clinic.

It is necessary to say that the clinic is small and it occupies the floor space of less than 90 square meters. The premises are rented.

The rate of the company growth is relatively low and lower than rates of medical industry leaders in Obninsk city.

1.4 Research Questions

I will formulate the research questions on this stage of the study in order to specify a direction for a literature review. The questions are:

1. What are the strength and weaknesses, opportunities and threats of “Vash Doctor” company?
2. Who are the clients and competitors of “Vash Doctor” company?
3. Which are the most potential product-market combinations of “Vash Doctor” company?
4. Which strategic actions should take the company to develop better relationships with the customers, to gain stronger competitive position and to use the potential of product-market combinations?

2 RESEARCH STRATEGY AND METHODOLOGY

2.1 Research Design

A qualitative research method based on distinct methodological traditions of inquiry will be used to achieve the research objective. Qualitative research is a multimethod in focus, involving an interpretive, naturalistic approach to its subject matter. (Creswell, 1998, pp. 14-18) qualitative method approach will be used to analyze company's current situation, to define company limitations, underlying the major problems, and to develop the most optimal solutions to certain sections of the company strategy implementation.

Methodologically the research was conducted as a qualitative case study, due to the nature of the research questions and the research topic that need to be explored. Yin (1994) claims that the case study is a distinctive form of empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between the phenomenon and the context are not clearly evident. Every type of empirical research has an implicit research design; where the design is an action plan for getting from initial set of questions to be answered to some set of conclusions or answers about these questions. (Yin, 1994, pp. 9-19)

The reason why I have chosen a case study as a method for my study is that I have to explore the particular case of a certain company. I have to answer the questions related to the business of the given company, and to find solutions to this case. A case is not studied primarily to understand any other cases, but the one given case. I do not attempt to discover a universal, generally applicable truth but only the solutions needed for the case company. The main goal of the research is to build a well-structured picture of the company competitive position, to analyze company's strengths, opportunities, weaknesses and threats, to formulate the most important strategic product-market combinations for the company and to develop a list of strategic actions.

2.2 Data Collecting Methods

I have been using multiple data collecting methods to meet the study goals. In other words, I have been using different methods for the different phases of the project.

(Robson, 2007, p. 92) The main method of data collection was a group interview, and it has been used alongside some other methods which I will describe below.

At the beginning of the research I had to conduct an interview with the director of “Vash Doctor” company. The purpose of the interview was to become familiar with the company business and the company itself. It was a semi-structured interview. I used this type of interview because it has overall focus and it helps to cover the main areas I needed to cover. And at the same this type of interview gave me considerable freedom. (Robson, 2007, p. 74) I found this method most appropriate for this exercise. First of all I had already been prepared for the interview and had a list of questions I had to ask, however I could freely ask the interviewee other questions that came into my mind during the interview.

The next data collecting method which I used to answer the research question “What are the strengths and weaknesses, opportunities and threats of “Vash Doctor” company?” is a group interview. Robson (2007) claims that it is an efficient method of obtaining data from several people at the same time. The focus group involving three experts has got a company profile form in order to evaluate the company services, profitability, management, staff competency and subjects alike. The task was to discuss each entry and find one common opinion on the following items and to evaluate them. This method helped me to get the answers to the questions I asked to define the company’s strengths and weaknesses, opportunities and threats. Robson (2007) mentions that group interview can be tricky to conduct: some people can be silent and not say a word, while the others would predominate and put pressure on others. In my case I did not have any problems with the conducting group interviews for this study. The members of the focus group members were motivated to get the best results out of this research, and they enthusiastically answered the questions. Each member of the focus group was respectful and referred to other participants’ opinion. This was helpful to get reasonable consolidated answers and results.

I have to mention that the focus group discussion in the following research will always be done with participation of three experts. These experts are:

- The founder, CEO and the owner of the “Vash Doctor” company;
- The founder, the chief doctor and the owner of the “Vash Doctor” company;

- An external expert, the chief doctor of state city hospital, who has good awareness of “Vash Doctor” company history and current situation, and has deep knowledge of the whole medical service industry in Obninsk city.

The next step in the research was to define strengths, opportunities, weaknesses and threats of the company “Vash Doctor” closely. Each expert had a question form to fill in individually. The form included two questions: “What are the strengths of the company?” and “What are the weaknesses of the company?” I define the following method as a questionnaire. Robson (2007) claims that the main disadvantages of this method are that it is difficult to obtain high response rate and that it is not possible to go into topics in depth. I have to mention that in the context of my work and type of the questionnaire the disadvantages listed above are not valid. Due to the fact that the questionnaire has been made for the focus group consisting of three experts there was no need to care about response rate. Moreover I didn’t need to get deep answers on the questions given. The main purpose of this survey was to get specific base for the further research and to get individual opinion of each expert in the focus group. The group interview has been used to analyze the results of the questionnaires and to find a consensus.

The second research question “Who are the clients and competitors of the firm?” was answered using different secondary sources and group interview methods. In order to get statistical details about the clients and competitors of the “Vash Doctor” company, we had to analyze the client database of “Vash Doctor” company and the statistical information of the medical industry in Obninsk city in general. After the statistical data and other necessary information had been collected I had to make a group interview to evaluate the relevancy of information in the materials collected. We also had to discuss and analyze fields where no specific information was found.

The group interview has been used to answer the last two research questions: “Which are the most potential product-market combinations of “Vash Doctor” company?” and “Which strategic actions should the company take to develop better relationships with the customers, to gain stronger competitive position and to use the potential of product-market combinations?” With the group of experts we discussed all product-market combinations and evaluated them. The potential strategic actions to strengthen

Company's position have been also discussed with the group of experts. The most achievable and effective actions were chosen.

3 COMPANY STRATEGY

3.1 What a Strategy is

From the theoretical point of view a strategy is a set of actions managers do to attain the firm's goals. (Tompson, 1998, p. 8) In other words it is a plan management uses to stake out a market position, strengthen company's positions, compete successfully, attract and please customers, conduct operations, and achieve any other objectives set for the company whether strategic or financial. Talking about a competitive strategy we can define a process of developing a competitive strategy as a development of a broad formula for how business is going to compete, what its goals should be, and what policies will be needed to carry out those goals. (Porter, 1980, p.24)

Tompson (1998) claims that the strategy development is one of the main management functions. Managers should formulate and understand the direction of the firm's development and make relevant decisions. Without a strategy managers do not have a well-thought corporate action plan and a valid business guide. A strategy helps to integrate business decisions and competitive actions to make a strategic choice. The long-term strategy development has a great influence on the company's well-being. It is impossible for a firm to be efficient in a long-term prospect without effective strategic actions, reasonable business approaches, and responsible management decisions.

A strategy should be proactive and reactive at the same time. Therefore a strategy includes well-thought and task-specific actions and reaction on external changes and actions of competitors. (Tompson, 1998, p. 36) A strategy is dynamic and it should be updated in terms of changes inside and outside the company. An existing strategy should be adapted to new market conditions when managers see the new ways of developing a strategy.

In order to develop a strategy we have to understand clearly who we are, which areas are strong or weak in our company, what we can expect from our business in the future, which opportunities we have, and what can disturb our business plans. (Tompson, 1989, p. 18) These considerations can be translated into a generalized approach to a formulation of a strategy. The following questions give such an approach to developing the optimal competitive strategy: What is the business doing

now? What is happening in the environment? What should the business be doing?
(Porter, 1980, pp. 26-28)

3.2 Vision

A company vision is composed of views of managers on the type of company business activities and a long-term course. A vision is an ideal picture of the company business conditions that can be achieved in most favorable external circumstances and according to the company management team wants. (Tompson, 1998, pp. 47-49) A vision and a mission are concepts which are closely connected with a strategy, as strategies created based on them. (Johnson, 2002, p. 12)

3.3 Mission

A mission states the purpose of a company. A mission is a strategic management tool which defines company goals in prospective of long-term competitive positions. (Kotler, 2005, p.51) A mission statement is a statement of the organization's purpose. It reflects what company wants to accomplish in the wider environment. A mission can be defined in product term, describing products or services of the company, or in the technological term. However Kotler (2005) mentions that it is important to keep in mind that company's mission statement should be market-oriented. A market oriented mission statement defines the business based on satisfying customer basic needs. For example, a mission of "Vash Doctor" company was formulated as: "Satisfaction of children and their parents' needs in medical treatment and nursing faster and with a higher quality than in medical companies of competitors."

3.4 Strategic Goals

Setting goals drive the strategic vision and mission to specific practical tasks connected with production and business performance results of the company. Goals are a description of results that have to be achieved at a fixed time.

There are short-term and long-term goals. (Tompson, 1998, p. 53) Short-term goals are aimed to get the desired results immediately or in a short period of time. Long-term goals set managers thinking what should be done to achieve stronger company

positions and to increase business performance in a long-term perspective. Both types of goals are needed to ensure successful company performance.

It is important to remember that SMART goals should be always set. SMART abbreviation stands for: specific, measurable, attainable, realistic, and time-oriented. Such goals have a much greater chance of being accomplished than a general goal and it will establish exact criteria for measuring progress. (Tompson, 1998, p. 47)The examples of properly formulated goals might be: to increase market share by 10% by the end of the year, decrease the amount of clients' claims by 30% in two years, reduce per-unit production costs by 5% in one year, etc.

4 COMPANY ENVIRONMENT

4.1 The Internal Company Environment

The internal company analysis is an evaluation of the company's current situation. It covers strengths and weaknesses, core competences and capability assessment. Kotler (2005) says that this analysis is for internal management use only. Tompson (1998) defines the combination of the following areas as an internal environment of a company:

- Management, including organization structure, communication processes, norms, rules and procedures, responsibility allocation etc.
- Human resources, including employer-employee relations, recruitment, personnel trainings, career enhancement, personnel motivation, etc.
- Production, including operations, logistics, quality control system, technology development, etc.
- Marketing, including market segmentation, sales, pricing, distribution channels, promotion, etc.
- Finances, including profitability of a firm, investment policy, dividend policy, etc.

4.2 The External Company Environment

The external company analysis examines external company environment, which consists of the microenvironment and the macroenvironment. (Kotler, 2005, p. 54)

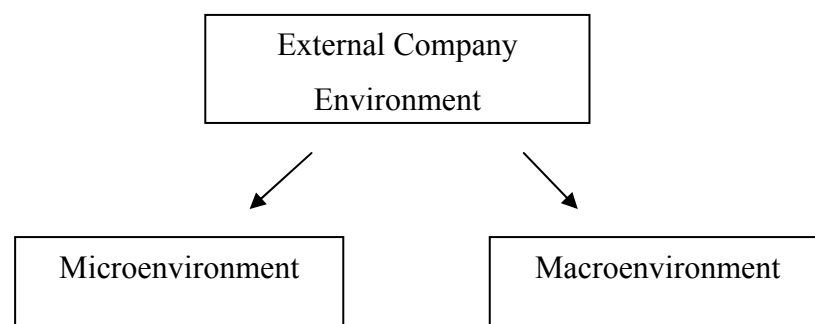


Figure 5. External Company Environment

The microenvironment is the forces close to the company that affect its ability to serve its customers. (Kotler, 2005, p.88) The microenvironment consists of customers, competitors, suppliers and labor market. (Tompson, 1998, p.153)

Macroenvironment is the larger forces that affect the whole microenvironment, shape opportunities and pose threats to the company. (Kotler, 2005, p. 88) According to Tompson (1998) macroenvironment includes:

- Economic forces, including information, refinance rate, exchange rate stability, economic growth, tax level, etc.
- Technological forces, including new technologies development, introduction of new materials, production modernization, etc.
- Social forces, including demographic situation, unemployment and income level of the population, lifestyle, etc.
- Legal forces, including, legal framework stability, legislation transparency, consumer rights etc.
- Political forces, including political stability and support, level of business and society control by the government, etc.
- External economic forces, including legislation support of foreign economic activities, investment attractiveness of the region, currency rates fluctuations, customs regulation, etc.

The macroenvironment analysis is a very important element of a strategy development process. Factors from such spheres as legal and social strongly affect the success of the "Vash Doctor" company, whose case we study. The legal system may affect the company, because the private medical clinics' business should be licensed. The social forces affect the company, because "Vash Doctor" depends on demographical situation, birth rate level and income level of the citizens of Obninsk city. I think, that microenvironment analysis would play a crucial role for "Vash Doctor" company business at this moment, because the company's management team has never made microenvironment or macroenvironment analysis for this company. Due to the fact that the company can affect the microenvironment, I would like to study this area and to develop an action plan for the case company. This is why in my work I will be concentrating on the microenvironment analysis; specifically on the analysis of the clients and the competitors of the company.

4.3 SWOT Analysis

SWOT analysis draws the critical strengths and weaknesses, opportunities and threats of a company from internal and external company analysis. It helps to make conclusions about the company position and the necessity of strategic changes.

(Kotler, 2005, p. 58) SWOT analysis shows that strategy should combine factors of the internal company situation and situation outside the company. These critical items show where a business should focus its attention.

Strengths are the key company internal advantages that managers can rely on.

Strengths are the success factors of a company, something that company does better than others, or fields where company became effective. (Tompson, 1998, p.112)

Strengths can be some kind of skills, great experience in something, unique organizational resources, or certain capabilities which form company's competitive advantage.

Not all factors call for the same attention or concern. The strengths as well as weaknesses do not list all the features of the company. Only those factors should be listed in the SWOT analysis, which are related to the critical success factors. (Kotler, 2005, pp. 58-59) Critical success factors as strengths and weaknesses that most critically affect an organization's successes. A too wide range of the element will lead to a lack of focus and inability to concentrate on what is the most important.

It is important to remember that strengths as well as weaknesses are relative.

Company cannot be absolutely stronger in something than any other company forever.

Kotler (2005) says that the strength can become a weakness in case of some changes in the competition.

Factors opposite to strengths are the company weaknesses. They are internal obstacles that company has to overcome. It is a lack of something important for the company business success, or something that the company cannot achieve in comparison with other firms. If the weakness is critical for the company success it can affect business or not.

Opportunities as well as threats of the company are the results of external company analysis. The opportunities are the major future advantages that managers can benefit from. (Kotler, 2005, p. 58) Regarding possible opportunities we may emphasize the following factors: entry into new markets, production or product range extension, gaining leading positions, reduction of trade barriers on new markets, vertical integration, new technologies development, possibility to attract external capital, etc.

Threats are the main future happenings or changes that may seriously affect company and manager's actions. (Kotler, 2005, p. 58) According to Tompson (1998) threats can be: new competitors, substitute products sales growth, market growth reduction, unfavorable government policies, changes in consumers' tastes and behavior, unpredictable interest rates changes, demographical changes, sales slowdown, etc.

All factors must be carefully studied and evaluated. As I have already mentioned before, some factors are more critical than others. Every company is unique, so it has its own set of strengths, weaknesses, opportunities and threats which are crucial for the company strategy development. In case the company has a weak base of strengths for developing a good strategy, the management team should immediately create this base.

5 COMPANY MICROENVIRONMENT

5.1 Clients

5.1.1 Who are Clients?

Clients or buyers are “competitors” to firms in the industry and may be more or less prominent depending on the particular circumstances. The bargaining power of buyers represents one of the five competitive forces that determine the intensity of industry competitive rivalry and affect the industry profitability. The other four competitive forces are: the bargaining power of suppliers, the threat of new entrants and the threat of new products. (Porter, 1980, pp. 3-5)

There is no need to say that clients are the main factor why business exists. If there were no one to buy products or services, there would be no way for business to function. Tompson (1998) claims that in order to analyze our clients and to understand better who they are we have to ask the following questions:

- Who our clients are and how do they affect our business?
- How well do we satisfy the needs of our clients?
- What should we do to keep the existing clients and to attract the new ones?

It is rare that the buyer group facing an industry is homogeneous from a structural standpoint. Customers can differ widely in their volumes of purchases, quantity of products they purchase, in income, in lifestyle, and along many other dimensions. (Porter, 1980, pp. 108-110) In order to understand better who our clients are we can classify them according to the following characteristics:

- The size of the purchase
This characteristic describes the amount of purchased products or services and their value.
- The frequency of purchases
Clients could be one-time or long-term ones. In other words customer could make one purchase or make them frequently. The company should always try to build long-term relationship with customers, and to acquire loyal clients.
- The use of the products
Customers can be the final users of the products or resellers.
- Location

The clients might be divided into local and external ones. Depending on the company's size or purposes of a business in one case local clients could be citizens of one city or even of one district while in another case local clients could be citizens of one country.

- Level of prosperity

The level of prosperity of the clients defines the amount and type of the products they buy and use.

- Industrial Sector

Clients can also be divided by the type of industry segment. For example, customers may represent medical services, pharmacy, chemical industry, etc.

The result of this heterogeneity is a buyer selection process, which is the choice of target buyers. It is an important strategic variable. The idea of buyer selection process is that company should sell their products or services to the most favorable buyers possible. Buyer selection can strongly affect the growth rate of a firm and can minimize the disruptive power of buyers. (Porter, 1980, pp. 109-111)

5.1.2 How Do Clients Affect a Company's Business?

Clients can significantly influence a company's business. For instance, clients can require to lower the price of the products or to increase the quality or amount of services. Clients can also require to reduce the delivery time or to offer favorable financial conditions. The size of purchases could vary significantly in different periods of time; therefore company could have to adapt its production and financial plans. Porter (1980) defines factors which can increase the power of customers:

- Customer group

Concentrated customer group could form similar demands. It is a high risk for a company to become dependent on one client or a small group of clients to whom the company's biggest volume of sales goes.

- Standard products

It may be risky for a company to produce standard undifferentiated products which may not satisfy completely the needs of clients for the desired product range.

- Similar products or services

There is a risk to lose clients if there are competing companies offering the same products or services.

- Backward integration

If our company is one of the producers in the whole chain there is a risk of backward integration of the clients. In other word, the clients may decide to produce products by themselves.

- Awareness of the company's situation

Clients can put a pressure on a company if they have full information about the situation in the company. For instance if client knows that company has a big volume of final products and it is not easy for the company to sell all of those products, he could expect the high discounts for these goods. With full information, the buyer is in a greater position to insure that it receives the most favorable prices and terms.

- Experienced client

Clients may have special requirements and have influence to a company, if he has big experience in a purchasing sphere. The most sensitive for a company field may be the legal system and the law compliance, because it could be too risky for the whole business to ignore customers' requirements in those fields.

Porter (1980) says that it is important to remember that the factors described above change with time or as a result of a company's strategic decisions, the power of buyers rises or falls naturally. In order to counteract the influence of the clients company can increase the amount of loyal customers, the product differentiation and client's dependency on the company.

5.2 Competitors

5.2.1 The Factors of Competitive Density

The competitive rivalry between the companies within the industry has one of the highest levels of influence on the firm. There are some factors affecting the rivalry intension, such as the amount of companies in the industry, slowly growing demand, high production costs, low product differentiation, aggressively behaving companies in the industry, and high exit barriers. (Tompson, 1998, pp. 172-178)

- First of all, the more competing companies on the market are the stronger is a rivalry. The more equal size of the companies and volumes of production are the stronger the competition is. When the competing forces are approximately equal, the firms function in more or less equal conditions. It is difficult for one or two companies to win the competition.
- The competition is high when the demand for a product is growing slowly. The competition elbows out weak or less efficient firms when the market growth is insignificant or the demand for a product is decreasing slowly. It leads the industrial sector to consolidate into a small group of producers with equally high competitiveness.
- The high level of production costs also affects the competition, because it demands a high load of production capacity. In this case the increase of sales volume influences the net cost of products and forces company to put a lot of effort to maintain a high volume of production and sales.
- The competition is higher when the differentiation of products is low, in other words when it is not costly for a client to change a supplier. Low differentiation helps to pirate the clients from competing firms, however high expenses for changing a supplier protect companies of loss of clients and risk that clients will switch the supplier.
- The competition may become tougher if there are some companies in the industry which are not satisfied with their market share and trying to increase it by taking the market share of competitors off. Such firms are fighting aggressively, they can start to buy small competitors, introduce new products, increase marketing investments, setting special prices, etc. All these actions can start a new wave of the competition.
- The competition is tougher when companies have high exit barriers. In other words, when to stay in the industry is less expensive than to leave a business. Porter (1980) defines exit barriers as economic, strategic, and emotional factors that keep companies competing in business even though they may be earning low or even negative returns on investment.

5.2.2 Competitive Analysis

According to Tompson (1998) the first step to analyze the rivalry inside the industry is to answer the following question:

- Are there a lot of firms in the industry?
- Are the possibilities of the companies roughly equal?
- Are the fixed costs in the industry high?
- Is the profitability of the industry high?
- Is it expensive for the customers to change the supplier?
- Is the product differentiation high?
- Are the exit barriers high?
- Are there any companies, aggressively increasing market share?

The next stage is to study the positions of competitors, in order to identify which companies have the strongest or weakest competitive positions. Clearly all significant existing competitors should be analyzed. Porter (1980) states that it is also important to analyze the potential competitors that may come on the scene. However in this study I will be concentrating on existing competitors' analysis.

The result of the following analysis should correspond to the strengths and weaknesses of our company and should give us a chance to compare our company position with the position of competitors. (Tompson, 1998, pp. 151-154) There might be such areas evaluated as:

- Production: the availability of resources, the relations with the suppliers, the location of production facilities, the level of expenses, technology quality, the ability for innovations, quality control, qualified personnel, the introduction of new products, etc.
- Marketing: product differentiation, the concentration of production, market share, the range of products, company image, good customer relations, prices, product design, brand recognition, etc.
- Finances: the efficiency of accounting, the possibility to take loans or attract investments, cost of capital, possibility to increase the costs, etc.
- Personnel: employees' qualification and experience, the motivation of employees, good manager-employee relations, etc.

- Organization: the efficiency of organizational structure, the level of corporate culture, strategic planning system, the quality of information systems, etc.

It is not enough to say which companies are the competitors of a firm. Those who are leaders today can lose their positions, or there is always a threat of new entrants.

(Kotler, 2005, p. 90) Therefore it is extremely important to analyze the strategies of the competitors, and forecast their plans. Such analyses are vital for a good business strategies development and successful company functioning.

5.3 Strategic Product-Market Combinations

Before describing product-market matrix let's concentrate on the areas it covers and understand what market itself and products are. Product – anything that can be offered to a market for attention, acquisition, use of consumption that may satisfy a want or a need. Kotler (2005) says that product includes physical objects, services, persons, places, organizations or ideas. And market – the set of all actual and potential buyers of a product or service. (Kotler, 2005, p.11)

I will use product-market matrix to analyze strategically important product-market combinations. According to Thompson (1998) the following tool helps us to classify the products, markets and product-market combinations and to evaluate its potential. The matrix helps us to decide which markets to focus on or to ignore, to identify the efficiency of the product introduction on new and present markets, and the efficiency of new markets for the realization of new or existing products. Analyzing product-market combinations we can identify which of them are strategically important for a company. This matrix also helps to identify impossible or unprofitable combinations.

6 RESEARCH RESULTS

6.1 Company Strengths and Weaknesses

The first step to answer the first research question “What are the strengths and weaknesses, opportunities and threats of “Vash Doctor” company?” has been the company profile form creation. The company profile form represents the set of company’s characteristics and their evaluation by the scale varying from “Very bad” to “Very good”. This focus group discussion was a first step to identify strengths and weaknesses of the company.

Each characteristic has been evaluated by the experts. All the evaluations have been made by an agreement with all the three experts only. The results of the discussion are listed in the following company profile form:

	Very bad	Bad	Good	Very good
Service rendering			x	
Products (Services)		X		
Marketing		X		
Clients availability			x	
Cash flows			x	
Financial solvency			x	
Profitability			x	
Availability of well-qualified personnel			x	
Organisational structure		X		
Management		X		
Management team competence		X		
Planning process		X		

Table 9. Company Profile Form

When the company profile form had been filled in, the experts agreed their evaluation criteria on the different aspects of “Vash Doctor” company business.

The next step was a survey offering to describe or list the strengths and weaknesses of the “Vash Doctor” company individually. The survey had been analyzed and consolidated.

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. The quality of medical treatment; 2. Well-qualified doctors; 3. Possibility to call specialized doctors home for a consultation; 4. Wide customer database; 5. Financial stability; 6. Low fixed costs; 7. Favorable price; 8. Quick reaction to customer needs. 	<ol style="list-style-type: none"> 1. The lack of advertising; 2. The lack of managerial experience; 3. The absence of business development strategy; 4. All the medical specialists are part-time employees; 5. Company does not develop new business opportunities; 6. The lack of medical diagnostic equipment; 7. The lack of customer feedbacks.

Table 10. Strengths and Weaknesses of "Vash Doctor" Company

We did not complete the SWOT analysis on this stage because we need to understand better the microenvironment of the company to analyze the opportunities and threats. Therefore the next stage of my research will be clients and competitors analysis.

6.2 The Clients and Competitors of “Vash Doctor” Company

6.2.1 Who are the Clients of “Vash Doctor” Company?

I made a set of interviews to answer the question who the clients of “Vash Doctor Company” are. However it was not easy for the focus group to find the answers to this question and to come to an agreement. We know that the company mainly serves children under 18 years old. However the clients are parents of these children, because they bring children to a doctor and they pay for a visit. Therefore later on when I will call clients as “children” I will mean “the parents of the children” or the people who take care of a child and pay for the doctors’ consultations.

I made an interview with a focus group to evaluate customers' database of the company. We can divide all the clients into the following groups:

- Location

80% of the clients are the citizens of Obninsk city. 20% of the clients are the citizens of neighboring cities: Maloyaroslavets, Balabanovo, Borovsk, Zhukov, etc. There is one more special group of clients who are citizens of Moscow city, who come to their country houses for a summer time. Taking this group of clients into consideration, the proportion will be: 70% of local clients and 30% of clients coming from other cities.

- Level of prosperity

More than 90% of the clients are people with the family income higher than the average one. Due to the fact that "Vash Doctor" clinic is a private one and it offers paid medical services. Families with a lower family income use free services of state hospital. The exceptions are client's appointments when there is a need for urgent medical consultation, and there is no available time for an appointment in the state hospital.

- The size of the purchase

Children from zero up to one year old and children from one year up to 18 years old bring 40% of the company's income correspondingly. The income coming from visits made by adults is 20% of the company's income.

- The frequency of purchases

We can divide the clients of the company into those who make single consultations and those who are regular customers. 65% of the company's clients make a single purchase of the company medical consultation, 35% of the clients are those who buy two or more consultations.

- Age

There are three age groups of clients: children from zero up to one year old, children from one year up to 18 years old and adults. The group of clients from zero up to one year old is a separate group, because this group of clients has special demand for medical consultations, more frequent visits of doctors or nurses, and special technical needs for treatment and medical examinations. Children from zero up to one year old make up 30% of the company's clients. 60% of the clients of the company are children from one year up to 18 years old. And 10% of the company's clients are adults.

If we analyze the groups of the clients listed above we will see that the main clients of “Vash Doctor” company are the families, which have under age children, who live in the city of Obninsk and have the income higher than average. The following group of clients is important because more than 70% of the company’s income comes from this group.

6.2.2 How do the Clients Affect the “Vash Doctor” Company?

We can define the ways clients may affect the business of “Vash Doctor” company:

- The possibility to get similar services and consultation in the state clinic for free can lure some clients of the company away.
- The clients can easily change the clinic and take medical services in other private clinics.
- The company is highly dependent on the clients’ impression about the company, because the main way of getting new clients is the feedback of existing customers about the company services to their friends and relatives.

I have to say that while I was analyzing this field it became clear that the knowledge of clients’ database is very poor; it is a weak side of the company. It was not easy for the experts to answer the questions about the clients of “Vash Doctor” company.

There was no computer database of the clients in the company. All the information about the patients has been written by the administrators in the notebooks. Therefore in order to find some information or statistics out we had to analyze the hand written database. This process was time-consuming and inefficient. Due to that fact some results produced were discussed and agreed on by experts; and do not have one hundred percent accurate numbers under.

Also I have to mention that the experts had different points of view about perceptiveness and importance of such a group of clients as “adults”. Finally we made a conclusion that there was no need to get rid of this group, however the company should not develop this field too much, because this is not the specialization of the “Vash Doctor” company.

6.2.3 Who are the Competitors of “Vash Doctor” Company?

I made an analysis of the whole medical service industry in Obninsk city. The information had been gathered mostly from the internet, direct phone calls to the companies and consultations with the experts. There are fifteen companies offering medical services, treatments, and consultations. I will briefly describe all of them.

1. Centralnaya medicinskaya chatst (CMSCH) №8

It is the main state city hospital. It offers all types of medical consultations free, hospitalization and some diagnostic treatment.

2. MRNC RAMN¹

It is an institution of Russian Academy of Medical Sciences. Its main specialization is oncology. It also offers medical services in such spheres as cardiology, gynecology, urology, gastroenterology, and a wide range of diagnostics. <http://www.mrrc.obninsk.ru/>

3. Centr reabilitacii²

It is a private clinic which offers a wide range of health care services, laboratory diagnostics and such diagnostics as x-ray examination and ultrasonic examination, pediatrics, cardiology, gynecology, urology, ophthalmology, traumatology, orthopedics, manual therapy and massage.

4. Zdorovye

A private clinic specializing in pediatrics, gynecological consultations and diagnostics.

5. Vita klinika

It is a private clinic specializing in a wide range of main health care services.

6. Astro³

It is a private clinic offering services in such spheres as plastic surgeries, surgical and therapeutic cosmetology, laboratory diagnostics, gynecology, dietology and other basic health care services.

7. Ortopedichesky Centr (Obninskoye proteznoe ortopedicheskoye predpriyatie)⁴

It is a private clinic offering services of orthopedists.

8. AllergoCentr⁵

¹ MRNC RAMN. Company homepage: <http://www.mrrc.obninsk.ru/>.

² Centr Reabilitacii. Company homepage: <http://www.mtj.ru/centere.htm/>.

³ Medicinsky Centr Astro. Company homepage: <http://www.astromedic.ru/>.

⁴ Obninskoye protezno-ortopedicheskoye predpriyatie. Company homepage: <http://www.ortodar.ru/about.html>.

It is a private clinic specializing on treatment of allergic and inflectional diseases. The clinic also offers cosmetological services.

9. Mediton⁶

It is a private clinics specializing in narcology, addictology and psychiatrics.

10. Fenix

It is a private clinics specializing in narcology and addictology.

11. Medicinsky reabilitacionniy centr imeni Sholohova V.A. “Zhizn bez lekarstv”

It is a private clinic which offers medical consultations in such spheres as gynecology, acupuncture, reflexotherapy, and other type of main health care services.

12. IP Nenahov

It is a private clinic which offers medical treatment in urology field.

13. Microhirurgaya glaza (MNTK)

It is a private clinic specializing in ophthalmology.

14. Dental clinics: Zhemchug, Hollywood, Dantist, Mister zyb, Nika, Prese-Dent, Stomalim. I have united these clinics together, because they offer the same type of products and services.

We can analyze the companies listed above by certain characteristics that represent the competitive forces in the industry.

- Is there a rough parity of sales volume between the companies?

It is impossible to base our evaluation of the parity of companies' sales volumes on statistics, because there is no such data available. We have been evaluating this field by experts' assessment. According to the assessment results, the sales volumes of services of the given companies are divided into the following way: CMSCH №8 – 60% of the medical service market of the city, MRNC RAMN – 15%, Centr Reabilitacii – 15%, the others – 10%. I have to make one notice: MRNC RAMN is a huge clinic, the reason why it serves only 15% of the market is that most of the clients are from other cities of Russia. The important fact here is that the main part of sales volume is taken by state clinics. These clinics offer services based on state medicine programs;

⁵ Obninskiy AllergoCentr. Company homepage: <http://allergocenter.obninsk.ru/>.

⁶ Mediton. Company homepage: <http://www.mediton.ru/>.

medical services are financed by Compulsory Medical Health Insurance Fund. Just a small part (around 10%) of state clinics' services is offered for fee.

- Are the fixed costs of the medical service industry high?
The fixed costs of the industry differ significantly. It depends on the type of medical company and on the business strategy of the company. The costs are high for big clinics with a wide range of medical diagnostic equipment and many permanent employees. For instance, CMSCH employs 2000 people, and MRNC RAMN has 1800 employees. The fixed costs of private clinics are significantly lower. The average number of employees is under 100. Private clinics have a small number of medical diagnostic equipment or do not have it at all. Experts say that investments of the biggest private clinics of Obninsk city (Centr reabilitatii, Astro, Zhemchug, Stomalim, MNTK) to the medical diagnostic equipment are more than two million Euros for each clinic.
- Is the profitability of the following industry high?
Experts evaluate the profitability of the industry as high.
- Is it expensive or difficult for customers to change the supplier?
We can say that the costs are minimal. This fact is making the competition tougher.
- Is the product differentiation high?
For a long period of time the level of differentiation was medium. However for the last years there has been an obvious tendency to the differentiation of products. Companies tend to offer unique services and to introduce new technologies and treatment methods.
- Are the exit barriers high in the industry?
The height of the barriers directly depends on the size of the investments made into the medical diagnostic and facilities' equipment. The diagnostic centers have the highest exit barriers while the exit barriers of the clinics offering medical consultations are low.
- Are there companies aggressively fighting for a market share increase?
Companies with the most aggressive policy are Centr Reabilitatii, Astro and recently Zdorovye.

The main competitors of the “Vash Doctor” company are the medical companies offering wide range of medical consultations to children. These companies are: CMSCH №8, Centr Reabilitatii and Zdorovy clinic.

6.2.4 Strength and Weaknesses of the Competitors.

The main characteristics of strengths and weaknesses have been defined with the help of the focus group discussion. The focus group included three experts and a group of competent users of medical services. Supported by the results I can formulate the strength and weaknesses of the main competitors.

Company name	Strengths	Weaknesses
CMSCH №8	<ul style="list-style-type: none"> • A variety of doctors with different specialization; • The qualification of doctors; • Diagnostic equipment; • The price (free consultations); • Brand recognition; • The treatment of complex illnesses; • The quality of medical treatment; • A wide range of services. 	<ul style="list-style-type: none"> • Working hours; • Availability (possibility to get a consultation quickly); • The facilities' appearance; • Service time; • Customer care; • Long queues; • Lack of client-oriented approach; • Low salaries of the personnel.
Centr Reabilitatii	<ul style="list-style-type: none"> • A variety of doctors with different specialization; • The qualification of doctors; • Working hours; • Diagnostic equipment; • Availability; • The facilities' appearance; • Customer care; 	<ul style="list-style-type: none"> • The price; • The treatment of complex illnesses; • Long queues to certain specialists; • Commercial company focus (the priority is not the clients but the money).

	<ul style="list-style-type: none"> • Brand recognition; • The quality of medical treatment; • Good management; • Wide clients database; • Availability of financial resources and possibility of attracting investments. 	
Zdorovje	<ul style="list-style-type: none"> • The qualification of doctors; • The price; • Brand recognition; • The treatment of complex illnesses; • The quality of medical treatment; • Good location (CMSCH №8), additional flow of clients; • The manager of children department works as a manager of pediatric department in CMSCH №8 (It brings additional opportunities for medical treatment in the private clinic). 	<ul style="list-style-type: none"> • A variety of doctors with different specialization; • Working hours; • Diagnostic equipment; • Availability; • The facilities' appearance; • Service; • A bad company image (one of the main company's specialization is abortions).

Table 11. Strength and Weaknesses of the Competitors of "Vash Doctor" Company

The table above gives us a clear understanding of the strengths and weaknesses of "Vash Doctor" company's competitors. This information can help the managers of the company to analyze which areas of the company are stronger and give a higher value to the customers and which areas have to be improved.

To make the comparison analysis of the strengths and weaknesses more visual I have made a graphical profile of “Vash Doctor” company and its competitors. The following variables were chosen: a variety of doctors, working hours, medical diagnostic equipment, availability, the facilities’ appearance, the price, customer care, brand recognition, the treatment of complex illnesses, and the quality of medical treatment.

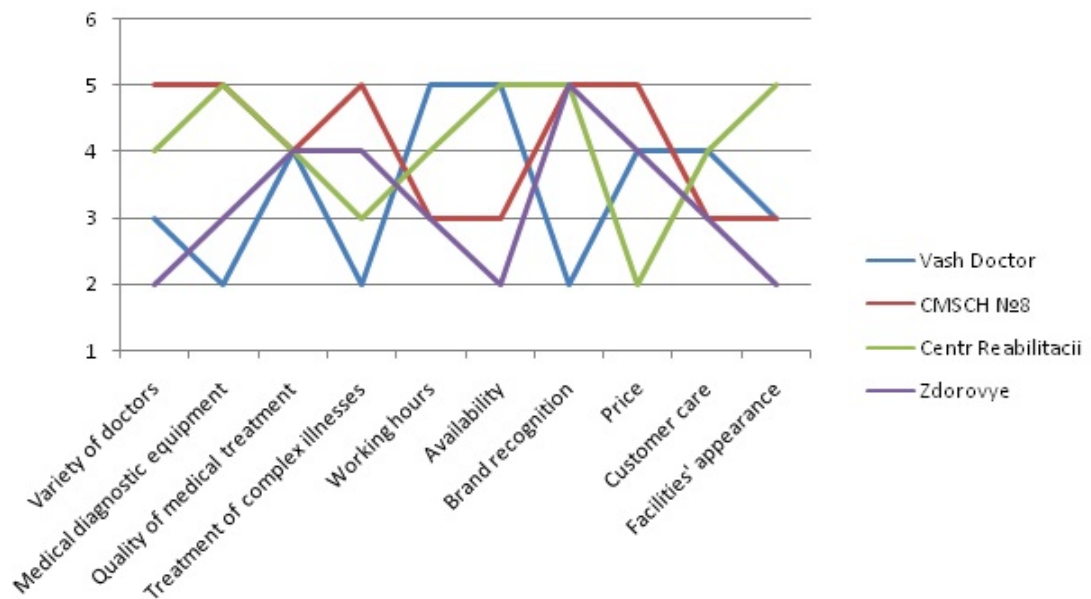


Figure 6. Comparative Graph of "Vash Doctor" Company and its main Competitors Characteristics

6.3 SWOT Analysis of “Vash Doctor” Company

As I already mentioned in the theoretical part of my thesis it is important to know that not all the features of the company have to be listed in SWOT analysis. Each item should be related to the critical success factors. The analysis of the strengths and weaknesses of the competitors helped us to formulate the critical success factors for the medical service industry.

- The quality of medical treatment, offered by highly qualified doctors and specialists with the help of modern medical equipment and technologies;
- Availability of offered treatment and possibility to get it as soon as possible;
- Affordable price;
- Customer care.

The following factors directly influence the attractiveness of the company and availability of its products and services. These factors lead to the stable clients flow. The following key success factors help us to see the company from the clients' point of view.

Basing on the listed above key success factors we will make SWOT analysis and answer the first research question: What are the strengths, weaknesses, opportunities and threats of "Vash Doctor" company.

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. A wide range of products and services; 2. The quality of medical treatment; 3. Low fixed costs; 4. A positive image of the company; 5. Availability; 6. Working hours; 7. Service; 8. A client-oriented approach; 9. Competitive prices; 10. Unique for a private clinics product: medical consultations at home; 11. A wide clients' database; 12. Financial stability; 13. The high qualification of doctors; 14. The high level of personnel' wages. 	<ol style="list-style-type: none"> 1. A lack of management experience, therefore a weak management system; 2. Low brand recognition; 8. Poor financial management; 9. Low EBIT; 3. A lack of financial sources for investments into new tasks and equipment; 4. Lack of medical equipment; 5. Inefficient use of facilities; 6. Poor facilities' appearance; 7. Poor marketing; 8. Poor clients database maintenance; 9. A lack of customers feedbacks; 10. Internal production problems.
Opportunities	Threats
<ol style="list-style-type: none"> 1. Ability to serve more clients; 2. Increasing amount of medical consultations at home of the patient; 	<ol style="list-style-type: none"> 1. Appearance of new competitors; 2. Aggressive actions of existing competitors to increase their market share;

<ol style="list-style-type: none"> 3. Increasing clients flow of “adults” customer group; 4. An extended range of products and services offered; 5. Insurance companies partnership to attract more clients; 6. Possibility of partnership with CMSCH №8; 7. Possibility to offer more individualized and personalized products and service; 8. Demand for better customer service; 9. Demand for home nursing. 	<ol style="list-style-type: none"> 3. The reduction of financial prosperity of people (financial crisis); 4. Labor pirating; 5. The absence of permanent medical professionals employed; 6. Increased legislative pressure.
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Table 12. SWOT Analysis of "Vash Doctor" Company

We can make the following conclusions on the base of the results of SWOT analysis. The company has a set of strengths related to the critical success factors. These strengths are the availability of qualified and experienced personnel and the unique for private clinics service of calling a doctor home for a consultation. This service allows to a doctor home and to get a medical consultations seven days a week from eight a.m. to ten p.m.

“Vash Doctor” company has low fixed costs; and set prices lower than any other private medical clinics in Obninsk city. The philosophy of the company’s corporate culture and ideology of the company’s managers are not aiming at getting an income whatever it takes. Satisfaction of needs of the clients and long-term positive relationships with the clients is a priority for the company’s management team. The company’s strengths listed above correspond to the increasing clients’ needs for services’ individualization and higher quality of the services. The given strengths help company to make use of the opportunities available.

The weaknesses (e.g., poor company marketing and management) shown by the analysis make it difficult for the company to achieve the set goals and fully use the

opportunities and strengths. However, there is a chance to overcome the weaknesses by hiring consultants and specialists in the following fields or education and the development of competence of the company's management team.

There is an obvious weakness than "Vash Doctor" company does not have its own medical diagnostic equipment. However there is a chance to overcome this weakness by using diagnostic equipment of CMSCH №8. The reason is that the chief doctor is the director of child's emergency department in CMSCH №8 and all the doctors of the company work as part-time employees in CMSCH №8 as well. It allows "Vash Doctor" company to use the medical diagnostic equipment of the state hospital for the clients if there such a need occurs.

The existing wage system of the company should also be highlighted. Its main advantage is that it allows keeping the wages of the personnel at a quite high and competitive level, which secures the company and decreases the risk of losing existing medical specialists.

While analyzing the weaknesses of the company we identified the following feature which is not sufficiently emphasized by the company's management team. It is a low profitability of "Vash Doctor" company. This is the reason why the management is not able to make investments for the company's development. An existing financial model allows the company to function efficiently, because the fixed costs are low, and variable costs formed primarily by the wages for part-time employees. However a relatively low customer flow and a quite high percentage of the employees' wages lead to the fact that the company has really small net profit. The given situation limits the opportunities of the company's development, weakens its competitive strengths and creates additional threats. The active marketing of highly profitable products for wealthy customers may be a possible solution for the current situation.

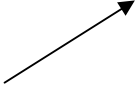



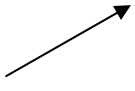
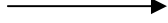

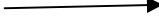

6.4 Product-Market Combinations of "Vash Doctor" Company

6.4.1 Product-Market Combinations Formulation

The next stage of my research was the product-market matrix formulation. We made a product analysis to create a matrix. The experts have emphasized the following

product types: medical consultations of doctors at the clinic, medical consultations of doctors at home of patients, medical treatment procedures, medical services by contracts (contracts with the parents of the children under one year old for medical treatment and home nursing).

All the product groups have been evaluated according to different groups of clients by products profitability (low, medium, high) and by the volume of sales. The products sales growth trends for each group of clients have been also evaluated by the experts. The results of the evaluation are listed in the following table.

	Children from zero up to one year old	Children from one year up to 18 years old	Adults
Medical consultations at the clinic	30%  +++	70%  +++	20%  +++
Medical consultations at home	70%  +++	20%  +++	10%  +++
Medical treatment procedures	20%  +	80%  +	5% 




Contracts	100%  +++		
+ Low profitability ++ Medium profitability +++ High profitability		 Stable sales volume  Growing sales volume	

Table 13. Product-Market Combinations of "Vash Doctor" Company

6.4.2 Potential Product-Market Combinations

The most important for the "Vash Doctor" company product-market combinations are:

- Medical consultations at the clinic for the children from zero up to one year old.
The importance of the following combination is because of the high profitability and growing sales volume.
- Medical consultations at the clinic for the children from one up to 18 years old.
The following combination is important because it has a high percentage in sales volume.
- Medical consultations at home for the children from zero up to one year old.
It is a highly profitable product with a high sales volume growth. 70% of all medical consultations at home are purchased on this group of clients.
- Medical consultations at home for children from one up to 18 years old.
- The contracts with the parents of the children under one year old for medical treatment and home nursing.

The analysis revealed that it is one of the most potential product-market combinations. It is a unique product on the market of private medical clinics of Obninsk city. There is a possibility to get this kind of contract in the state clinic CMSCH №8, however there is a limited number of such contracts available. It is a highly profitable product; it fits the specialization of the firm,

and gives the opportunity to enhance the strengths of the company. I should mention that the company did not try to promote and develop this product.

6.4.3 Problematic Product-Market Combinations

The problematic product-market combinations are medical treatment procedures for both children and adults. There are some reasons for that. Poor material and technical resources lead to the lack of medical treatment equipment. The treatment procedures are not unique, but highly available in other clinics; this is why they have low value. Some of the treatment procedures are not highly available, however hard of time-consuming and there is no possibility to offer it to a big amount of clients; for instance, massage for children.

The next problematic area is consultations for adults. The consultations for adults are offered in a narrow field – urology- and this field is now a specialization of “Vash Doctor” company.

Another problematic combination is medical consultations at home for adults. The reason why the following combination is problematic is the specialization of “Vash Doctor” company again. The company did not put any effort to promote this product, and the demand for this product has a random nature.

6.5 Strategic Action Plan

In the given section I will concentrate on the actions that the company should take to achieve better customers relations, to get a stronger competitive position of the company, to develop potential product combinations and to offer them to proper customer groups and as a result to achieve a better business performance on the market. The following tables had been completed to answer the last research question in a more visual way. They reflect the concrete objectives to achieve the goal and person who is responsible for the accomplishment of the following goal.

The first goal is to build strong long-term relationships with the clients and to achieve deep understanding who the company’s customers are.

Objective	How to achieve	Responsible person
Be familiar with the client groups	Start a computer clients database system, including gender information, age, location, frequency of visits information, medical reports, etc.	CEO
To maintain clients' feedback	Regularly request feedback from the clients by the use of questionnaires of phone calls.	Administrators
To create customer-oriented approach	Regularly discuss with the doctors the clients feedbacks and try to correspond clients' needs and desires	Chiefdoctor
To maintain a brand recognition	Publish articles in the local newspapers, use radio and the internet as marketing tools, organize special offers or events for children and their parents.	CEO

Table 14. Strategic Objectives of "Vash Doctor" Company (1)

The next company strategic goal is to increase the sales volume by 30% in 12 months period of time.

Objective	How to achieve	Responsible person
To ensure a good level of marketing	To invite a consultant	CEO
To offer products providing the necessary rate of return to the clients who demand this product	To conduct an additional analysis of existing products and services identifying the need for each product and profitability. To describe types of services and rules	CEO, consultant.

	how they should be provided. To develop new products for perspective clients.	
To maintain a competitive price	Monthly monitor the prices of services offered by competitors. To offer a more attractive level of prices.	CEO
To use optimal sales channels for marketing company products and services	Analyze possible product channels. Find the best combinations with optimal level of expenses and results.	CEO, consultant.

Table 15. Strategic Objectives of "Vash Doctor" Company (2)

The third goal for the management team is to maintain a high level of offered medical services quality.

Objective	How to achieve	Responsible person
Employ highly educated medical professionals	To attract highly educated and experienced medical staff, motivated to achieve good results	Chief doctor
To provide clients with a needed set of diagnostic treatment	Make a contract with CMSCH №8 providing possibility to use their medical diagnostic equipment. To define a range of equipment, which the company could be able to buy.	CEO, chief doctor.

Table 16. Strategic Objectives of "Vash Doctor" Company (3)

I set three goals for the company that should be achieved. To achieve the goal we need to set the objectives which divide the goals into smaller tasks. The objectives of the company listed in the tables are clearly defined. Also there is information how to achieve these objectives and who is responsible for certain objectives. The company has to consider carefully, who is involved in the process of goals' implementation, how the processes should be developed, how much time they require and what kind of process techniques are to be used. I think such an approach explains in a simple way what should the management team of the company do in order to achieve a better company performance and to implement the company's mission in a more effective way.

7 DISCUSSION

The main theoretical approaches to the factors of business performance creating a base for a strategy development have been analyzed in the given study. The external and internal company analysis had been made using a case of “Vash Doctor” company specializing in medical services and consultations. The promising product-market combinations have been analyzed. The primary goals for a better company performance and further development and ways to accomplish them have been formulated.

The study has crossed the border of theoretical frame and developed to a highly practical study. The research has been made with the owners of the company. Analysis has been based on the real data, and the arisen results have been gained by the group discussions of industry experts and other data observations. The company management team will use the results to achieve a better business performance of the company.

I should mention that there are other company spheres that should be analyzed and improved. We have already set a strategic goal of increasing sales volume; however the company should have a deeper look at the financial system. First of all the company management team should try to find available sources of investments for the company development. A good budgeting system should be adapted. This system should insure optimization of expenses and financial results planning.

There should be created a strategy for human resource management field as well. This system should help to define the optimal structure of employees: part-time and permanent ones. The wage system should be improved to ensure the balance between such areas as financial results and occupational stability. A good motivation system should be created as well. This system should ensure that personnel are motivated to offer and sell new products, which realization is considered by the existing strategy.

The strategic actions in the production field may require defining a set of necessary specializations of the doctors employed, defining the evaluation criteria of the doctors' work quality and ensuring its maintenance. The following area may also include a

plan of medical diagnostic equipment acquisition: which equipment is needed, how it could be acquired, etc.

The study gives a clear picture of the “Vash Doctor” company performance and gives a detailed picture of the actions that should be taken. The results cover such areas as strengths, weaknesses, opportunities and threats of the company, the quality of products and services of the company, product-market combinations, relationships with customers, and a competitive position of the company. I think these analyses are vital for a good company performance.

This work gave me highly valuable experience. It was interesting for me to be in the role of a real company consultant and to conduct a part of strategy development process.

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