

## **Book: Improve Your Competitive Strategy: A Guide for the Healthcare Executive**

Author: Alan M. Zuckerman, FACHE

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Reviewer: LT Reginald C. Brown, MS.Ed, MS.Ad, MSC, USN  
Health Services Planner  
II Marine Expeditionary Force (II MEF)  
Camp Lejeune, NC

### **Book Review**

This text contains three parts. Chapter 1 is a review of the general literature on competitive strategies, both inside and outside of healthcare. Chapters 2 through 7 examine each of the main competitive strategy approaches used in healthcare, while Chapters 8 through 10 all focus on the framework for carrying out a more effective competitive strategy by healthcare organizations in the future.

Does it appear that competition is at odd with healthcare organizations' mission to serve the needs of their communities? This text provides an examination of this exact question.

Chapter one "Competitive Strategy in Healthcare: Where Are We Now?" looks at gross domestic product (GDP) changes within and outside of the healthcare industry that have occurred over the past 30 years. This chapter concludes with an emphasis on accelerated change that is to take place in healthcare in the next five to ten years.

Chapter two introduces "Vertical Integration" The "nine ways" to accomplish vertical integration (i.e. internal development of new services; acquisition of another organization's services, and informal agreement or affiliation) was showcased. The case studies on AT&T Corporations and the Henry Ford Health System both provided strong examples of vertical integration in what some would think of as very different business arenas.

In chapter three, "Horizontal Integration," the author presents a number of case studies (including Aetna and U.S. Healthcare) and information on this most common strategy for "gaining increased market power and cost savings." This chapter provides horizontally integrated organization with "key issues of consideration." Issues that range from a quick move to keep the best people to seeking initial savings through a focus on service areas that are nondisruptive to the core business.

"Diversification"(chapter 4) begins with a fivefold rationale for diversification. The need to spread risk and the opportunity for higher profits and return on investment (ROI)are two rationales highlighted by the author. General Electric, realizing that "competition occurs at the business unit level" is one example provided of success through diversification. The rest of the chapter explores strategies for success, studies on healthcare diversification, organizational structure, and initiatives for growth.

"Nicheing" (chapter 5)covers the usual material, beginning with a historical perspective and moving to niching in action. This chapter provides detailed information on the benefits and disadvantages of niching, along with a case study on Wills Eye Hospital and its niche as "one of the world's leading providers of ophthalmology services."

Chapter six, "Cost Leadership," presents "the benefits and drawbacks of implementing a cost leadership strategy." Robert Grant, the author of *Contemporary Strategy Analysis Concepts, Techniques, Application* provides a historical prospective on cost leadership that is clear and understandable. Rounding out this

chapter is a look at “the drivers of cost advantages and cost issues addressed.” This chapter addresses the **first** competitive strategy that has been successful in both general business and healthcare communities.

In chapter seven, “Differentiation”, introduced the third of three traditional strategies (niching and cost leadership being the other two) used to gain competitive advantage. It begins by identifying the three general types of differentiation (product, quality, and service), and follows on with well-explained analysis of differentiation and demand, differentiation and supply, and the cost of differentiation.

“Raising Competitive Strategy to a Higher Level: Applying Sophisticated Approaches and Analytical Techniques” (chapter 8) breaks away from theme of the previous chapters (providing a thorough review of state-of art healthcare competitive strategy), and shifts the focus to three interrelated aspects of competitive analysis (industry analysis, competitor analysis, and competitor intelligence).

Chapter nine, “The Future of Healthcare Competitive Strategy,” has one clear theme: the time for healthcare organizations to improve their competitive strategy approaches and techniques is now! The author’s literature search revealed six general strategies for hospitals to sustain competitive advantage. Strategy examples are selective diversification, careful deployment of slack resources, and continuous market research and learning.

Chapter ten, “Ten Lessons for Healthcare Competitive Strategy in the Twenty-first Century,” is a synthesis of chapters one through nine, and is designed as the framework for “taking current healthcare competitive strategy to new levels.” Although some of these approaches were familiar, the author leaves the reader with a sense of how complex health services delivery (especially competitive health services delivery) is and will continue to be.

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