

# OUTSIDE **THE** LINES



## **BROADENING HORIZONS**

Today's Top Pick, Curated for Leaders Changing Healthcare

May 29, 2019

*In today's world of healthcare transformation, the questions of "what to do" and "how to grow" are especially tricky. The Ansoff Matrix is a classic tool used to plan for growth. And diversification – the fourth growth strategy – stands apart as a way to broaden horizons for an organization's business and revenue possibilities.*

In today's world of healthcare transformation, figuring out next-and-into-the-future pathways for growth is challenging. For health systems, hospitals, medical groups, and other healthcare organizations, the questions of "what to do" and "how to grow" are especially tricky amidst the changing consumer-based society, downward pressures on revenue, continued march toward consolidation and, as well, the many new entrants (disruptors and others) in the marketplace. But the classic framework for growth strategies remains solid. It can still be applied today.

And it provides a guide for how to think about your growth strategies, both

traditionally and non-traditionally.

**The Ansoff Matrix is a classic tool used to plan for growth.** In healthcare, we typically pursue three of the four growth strategies, including:

- Market penetration – mostly in the form of building market share in current markets;
- Market development – usually by expanding the strategic footprint via build and/or buy approaches;
- Product development – such as investing in service lines, new programs, more physicians, or new niches like ambulatory, retail, home-based or other care.

**Diversification – the fourth growth strategy – stands apart from the others.** Used less in healthcare, diversification is picking up steam as a way to widen the opportunity pool, broadening horizons for an organization's business and revenue possibilities.

In fact, in an April 2019 study, 90% of healthcare executives indicated that new revenue streams are an urgent priority, and they acknowledged the need for diversification. While riskier than other growth strategies, health systems have been taking the leap, playing this strategy in very smart ways, and finding solid returns. There are many examples. Geisinger Health has been licensing intellectual property (its patient-care management model) to Epic and Cerner. Bon Secours has been selling its own internally developed products to other health systems. Academic medical centers have fired up their innovation teams to develop new drugs, products, and care models, generating royalties and start-up/ spin-off monies. And health systems like Sentara Health and others have become equity stakeholders and strategic partners with healthcare disruptors. Sentara was an early mover in this space with its 2012 announcement of a “first-of-its-kind” equity stake in MDLIVE.

We are constantly scanning the horizon of healthcare, to help you stay on top of, and in front of, key trends. With changes in healthcare come new opportunities.

Even the Department of Health and Human Services (HHS) is encouraging diversification via its Deputy Secretary's Innovation and Investment Summit (DSIIS). The strategy horizons are broadening. Yes, proceed cautiously as you explore the wider range of possibilities, but go there. Go and grow across all four quadrants of the Ansoff Matrix.

Always Looking Ahead,  
Kim Athmann King, MBA, FACHE

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## X·CO: A GROWTH EXPERT FOCUSED ON PHILANTHROPY AS A REVENUE SOURCE



While growth strategies can be broad and innovative in orientation, they can also be more focused. Tapping into new revenue via strategic philanthropy is a proven pathway to up your game, usually in tandem with other growth strategies.

In March 2019, one of our [X·CO Partners](#), [Larry Platt](#), was engaged to develop a philanthropy strategy to support the growth of a health system's Cancer Service Line. In just 8 weeks, a plan was designed to raise 50% of the service line's strategic plan investments, with key opportunities for philanthropy tagged to certain cancer facilities, programmatic, geographic, and other growth goals.

Larry and other growth strategy experts are available for executive-to-executive, short-term consulting and advice. To get started with one of our experts, meet them [here](#). Or, contact us at [XCO@xcoadvantage.com](mailto:XCO@xcoadvantage.com) or call 310/ 416-1400.

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### ADDITIONAL RESOURCES

Read more [here](#) about the Ansoff Matrix tool, developed in the 1950s and still being used today as a framework for growth planning.

Read more [here](#) about healthcare executives indicating the urgent need for diversification to yield new revenue streams.

See more [here](#) about the Sentara Health and MDLive partnership.

Read [here](#) about HHS's DSIS.

Click [here](#) to access other *Outside the Lines* issues produced by Strategy Advantage.

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This bi-weekly e-mail is curated by the expert team from Strategy Advantage and provides a look across the horizon, and outside the lines, of the healthcare industry.

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