

MARKETING FOR ALL PRACTICE SIZES

Small and large businesses can flourish by playing to their individual strengths.

BY ROD SOLAR



The competition. This phrase is always on the lips and minds of cataract and refractive surgeons. Competing practices' pricing, service offerings, Google advertisements, and customer perks are all scrutinized. Yet most health care businesses get the whole concept of competition wrong.

Many surgeons who lead practices worry about competing with larger players. Most medical practices, however, are micro or small businesses. For them, a competitor is simply another product that a prospective customer might purchase instead of their services to fill the same emotional need. Generally, if potential patients are interested in the types of offerings a practice provides—the values, services, and quality—they will also be drawn to other businesses that have a similar feel. After more than 15 years of marketing experience with LiveseySolar Practice Builders, our research suggests that if a smaller practice chooses a niche in which to compete, many consumers will not compare that practice to larger players. Instead, they will compare it to other practices within that same niche.

Many metaphors and ideas in marketing—such as the concept of a *niche*—stem from observations of the animal kingdom. Animals do not attempt to compete in areas where they cannot win. Chimpanzees that try to act like gorillas will not survive. Chimps can eat foods from high trees, such as leaves and insects, because they can climb well. Gorillas must eat foods that grow on the ground, such as stems, bamboo shoots, and low-hanging fruit, because they do not climb well. Both win by playing to their strengths.

Small can be just as powerful as big. Small practices have many hidden advantages that larger players do not have. If a practice plays to its inherent strengths, it will run a much more successful and enjoyable business.

EVERY STAGE OF BUSINESS HAS ITS WEAKNESS

I have been consulting with cataract and refractive surgeons for almost 20 years. In that time, I have advised companies ranging in size from micro to large. I have also seen some of my earliest clients grow from micro to small, from small to medium, and, in a few cases, from medium into large businesses. I have observed the pitfalls of growing organizations:

- They lose their nimbleness;
- They lose their family feeling, as teams and individuals grow further apart;
- They have a smaller proportion of skilled people interacting with customers;
- They get fatter—and, therefore, slower;
- They become less focused on what made them successful;
- They lose touch with their patients; and
- They allow their experience and accomplishments to slow their speed to innovate.

I find that smaller businesses seek counsel on how to compete against larger companies, while bigger companies inquire about how to avoid the pitfalls on the road to growth and to compete effectively with startups nipping at their heels.

ALMOST ALL MEDICAL PRACTICES ARE MICRO OR SMALL BUSINESSES

It is important to understand your medical practice within the context of other businesses. Once you see where you are in the big picture, you can choose the best competitive strategy for your situation.

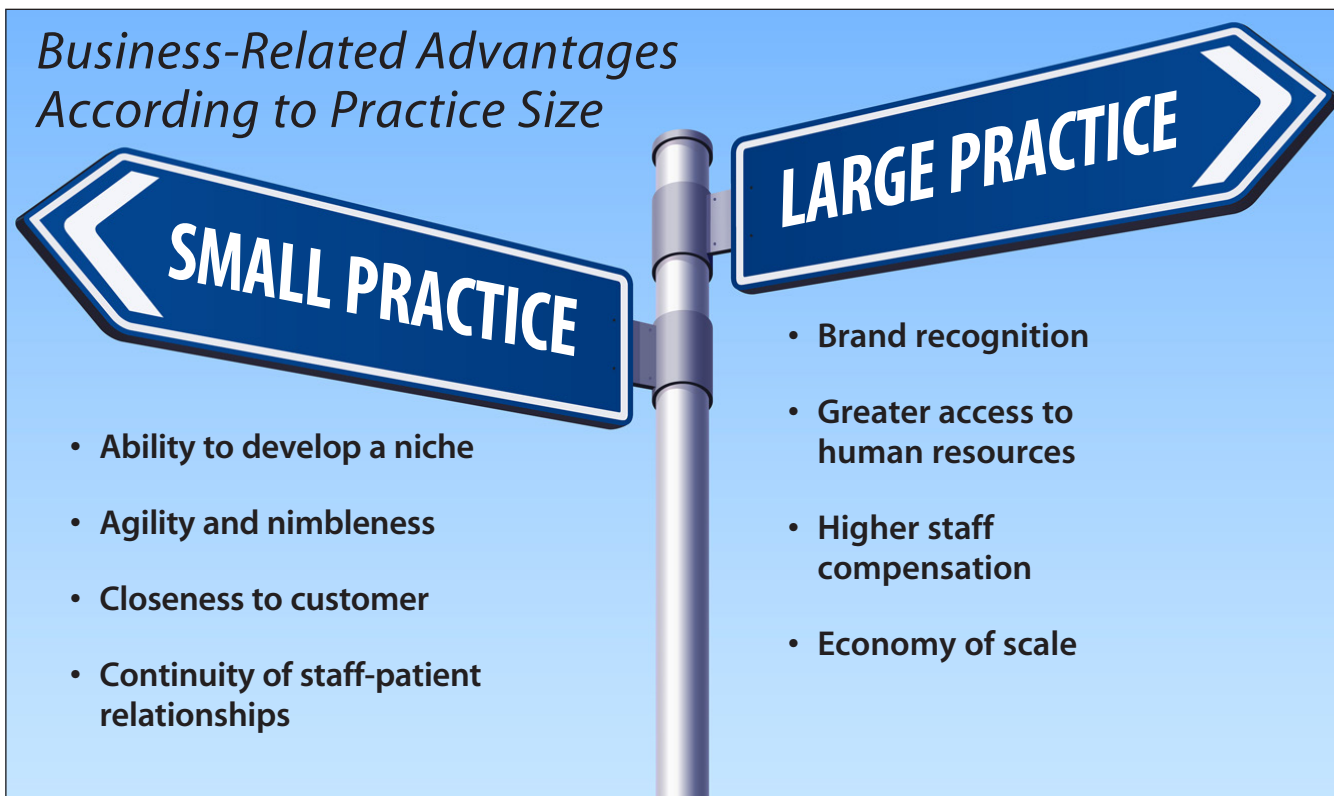
A business that employs one to nine people is considered a *micro business*. According to 2012 data from the UK Department for Business, Innovation & Skills, 82% of businesses are micro businesses. This statistic excludes sole proprietorships (self-employed), so the actual number of micro businesses is much higher.

A business that employs between 10 and 49 people is considered a *small business*. According to the same UK data, 14% of companies are small businesses. A company that employs 50 to 249 people is considered a *medium business*, and 2.4% of enterprises are medium-sized. Any business that employs more than 250 people is considered a *large business*. By this definition, 0.5% of companies are large businesses. If you own your medical practice, you are most likely self-employed or run a micro business.

ADVANTAGES LARGE BUSINESSES HAVE OVER SMALLER PLAYERS

Sources vary on the exact percentage, but conventional wisdom suggests that less than 50% of business startups survive 5 years. One of the reasons many entrepreneurs cite for failing

Business-Related Advantages According to Practice Size



to thrive is tough competition from larger players. (I hope readers will disagree with this assessment after reading about the inherent advantages of smaller businesses below.) Before delving into how smaller players can compete with larger companies, let us look first at how larger players can triumph over smaller ones.

Large and, to some extent, medium-sized companies have several advantages over small or micro businesses. One benefit is stronger brand recognition, as one of the biggest challenges for a small player is to become known.

Larger businesses also have greater access to human resources. Although there are more small businesses than large companies, in the United Kingdom, the largest 0.5% of companies account for 48.6% of employees. That is a huge talent pool to draw from, giving larger businesses an advantage over smaller ones. More employees bring more expertise and efficiency.

Large businesses can afford to compensate their employees with higher salaries and better benefits. More attractive benefits entice and keep more talented staff. A more skilled staff helps the business recruit and retain more customers.

Another advantage that larger companies have over smaller businesses is in the economy of scale. This benefit manifests in price breaks for large-volume expenses. These discounts enable larger companies to set lower prices than smaller companies, which earns larger businesses profit margins comparable to those of smaller players that charge more.

For example, when we worked with EuroEyes of Germany

to train its staff in telephone and consultation skills, the business was able to leverage that investment across more than 50 employees. Similarly, Optegra, which operates in the United Kingdom, Germany, Czech Republic, Poland, and China, was able to institute this training across its organization, from receptionists to the surgeons themselves. In contrast, smaller practices might be able to leverage that investment only among a few employees.

Another example is website development. As a percentage of revenue, website marketing work and telephone staff training costs the smaller player more than those same services would cost a larger one. To compete with larger players, a premium, independent Harley Street clinic in London must have a website that has all the functionality and visual appeal that a bigger player, such as Optical Express, might have. In fact, to support its positioning as a premium provider, it has to be better.

One way smaller players can get around the economy of scale advantage that larger companies typically have is to compete by combining their efforts. One of our clients decided to collaborate with other surgeons in joint marketing efforts. By doing this, the practice flipped the script by taking advantage of economy of scale. Why have three small, less effective websites when you can have a single better one? Why maintain 12 social media profiles when you can maintain four? This slight shift allows a small business to compete against larger companies and still leverage its own advantages.

ADVANTAGES OF SMALL BUSINESSES OVER LARGE BUSINESSES

Small players might be surprised to discover that they have several advantages over their larger competitors.

Understanding the power of a good niche. One advantage is the ability to niche. *Niching* means that a company focuses its service and marketing on a market subset with more specialized needs than the general population. Patients do not want a one-size-fits-all surgeon. Our research shows that 32% of patients cite specialization as their No. 1 criterion when selecting a medical practitioner.

A good example of specialization is Jaheed Khan, MD, BSc(Hons), MBBS, FRCOphth. Dr. Khan is a consultant ophthalmologist at Moorfields Eye Hospital, focused on providing private cataract surgery in London. Many cataract surgeons compete for the same small group of private patients. Dr. Khan differentiates himself by focusing on cataract surgery for patients with retinal problems. A focused Internet and social media campaign has also proven effective for Dr. Khan, who now shows up on the first page of a Google search for “cataract surgery London.” When Dr. Khan experimented with broadening his surgical focus, the market did not respond as well, so he again narrowed his focus.

Dan Z. Reinstein, MD, MA(Cantab), FRCSC, DABO, FRCOphth, FEBO, of the London Vision Clinic, is an excellent example of early specialization in laser eye surgery. When we started working with him in 2002, no surgeon in the United Kingdom performed laser eye surgery full time while offering the technology he did. Dr. Reinstein began practicing in a micro business environment, with fewer than 10 staff members and rented laser time. LiveseySolar’s initial efforts were directed at marketing his unique expertise to make his name and the London Vision Clinic’s name synonymous with the highest level of laser eye surgery expertise. Today, he is a highly successful independent laser eye surgeon, and the London Vision Clinic is a medium-sized business. London Vision Clinic has shown up on the first page of a Google search for “laser eye surgery London” for years.



AT A GLANCE

- Most medical practices are micro or small businesses.
- If a practice plays to its inherent strengths, it will run a much more successful and enjoyable business.
- A competitor to a business is any other product option that a prospective customer might purchase to fill the same emotional need.

Niching supports a business’ lead generation efforts. Google responds better to keyword phrase concentration and density. These approaches help niche players outperform larger players in more precise searches. People who conduct more specific searches stand a greater chance of converting from searchers into patients.

Trading on local ties can be easier for a smaller business than a larger business. For example, in 2006, consultant ophthalmic surgeons Robert Morris, BSc(Hons), MBBS (Hons), MRCP, FRCS, FRCOphth; Paul Rosen, BSc(Hons), MB ChB, FRCS, FRCOphth, MBA; and Keith Bates, MA (Oxon), BM BCH (Oxon), FRCS, FRCOphth, started their company, Grange Eye Consultants, as local specialists with local reputations. Interacting with a local expert can appeal to patients more than interacting with a faceless corporation. We are now helping them further capitalize on that advantage with localized search engine optimization strategies. This approach will help them continue to compete against their rivals countrywide.

Larger businesses have less choice regarding location; they are less nimble. When we advised Matthew Edwards, FRCOphth, during Sheffield Vision Centre’s startup phase in 2007 and 2008, we noted that the city of Sheffield was a prime market for refractive surgery: No one else was offering it there. That was perfect for Dr. Edwards, and it was also convenient that the Sheffield NHS Teaching Hospital could act as an incubator for the business.

We noted the opposite scenario for James Ball, MA(Cantab), MB BChir, FRCOphth CertLRS, and Andy Morrell, FRCS, FRCOphth, when we advised them in 2006 and 2007. At that time, Leeds was home to three large competitors. Unfortunately, Leeds Teaching Hospitals were not about to open a facility anywhere but Leeds, regardless of how crowded the market was.

When we trained the staff of Sheraz M. Daya, MD, FACP, FACS, FRCS(Ed), FRCOphth, at Centre for Sight, he had staked his territory in East Grinstead (outside of London) for years. This clinic and its regional reputation makes opening a similar service in Sussex County less attractive to other businesses.

Winning with speed and agility. Another advantage small businesses have is agility. For example, many small players have sought our help to perform better on the phone. Most smart companies know that telephone conversions are essential to success. A small business can adopt a new telephone conversion process in days, as everything is fast, from assessment to training to follow-up coaching. For example, when Optegra asked us to work with its telephone staff, I had to train and coach only four people. The small team’s agility helped us help them to double its telephone conversion rates in 3 months.

When we implemented a similar training program for Optimax across 30 clinics, the results were equally good but took longer to realize. We encountered similar challenges

after training the Moorfields private customer service staff. Because many secretaries reported to many different consultants, they found it a challenge to coordinate around a focused phone-answering strategy.

Larger and more loosely knit organizations take longer to change and sometimes show more resistance. Their layers and complexity slow the process of innovation. Their established ways of doing things make them more rigid and less innovative.

For example, we started marketing Dr. Reinstein's laser blended vision technique to the UK presbyopic market in 2004, 2 years before any other competitor. Two years later, we helped Drs. Morrell and Ball bring that technology to Leeds, where they started St. James' Laser Vision with the support of the local NHS Teaching Hospital. This technology was instrumental in enabling Drs. Morrell and Ball to compete in the crowded Leeds market. This nimbleness can also help a practice test and reset its course quickly if necessary.

Excelling at customer service. Larger organizations take longer to respond to patient feedback because they are not as close to their customers. Many surgeons seek training to run better consultations to increase their conversion rates. One of the best side effects of consultation training is that patients find these types of structured discussions much more useful and rewarding.

Closeness to the customer makes everyone on the team more responsive. The more departments and layers that separate a team from its customers, the less sensitive the team members will be to customers' needs. Small practices tend to interact with their patients more often, for example, as they inherently are likely to offer more after-care and therefore more opportunities for patient feedback and referrals.

At every practice I visit, I notice the energy of its employees. One thing I have noted in smaller practices is a positive feeling of family that generally only a small team can create. Small practices have a sense of camaraderie that organizations often lose as they grow. It is much easier to maintain a culture of enthusiasm and commitment to shared values in a small group.

This family feeling extends to patients, too. Practices can arrange patient events easily and reap the referral benefits that come from stimulating mutually beneficial relationships. Although these events are enjoyable, it is important to remember that a clinic does not host them just for fun. The marketing result is that most patients bring a friend or family member. The event can serve as that companion's first real interaction with one's brand, and he or she may develop an exceptionally personal and positive first impression while interacting with others who are saying nice things about you.

Using the telephone to dominate. A key way in which smaller organizations can compete with larger ones is by better handling of telephone inquiries. Most larger corporations house their phone staff in a call center. The advantage of

PRACTICE EXAMPLES

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www.ksa.ee/en

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www.wellingtoneyeclinic.com

www.stjameslaservision.co.uk

www.sheffieldvisioncentre.co.uk

www.focusclinics.com

this approach is that the practice can run a centralized diary and booking system across the operation. This centralization increases the efficiency of booking appointments.

The downside of this approach, however, is that these employees have little contact with customers apart from their initial telephone calls. They do not see patients at their consultations or after surgery when they come in for post-operative visits. This lack of contact leads to a weakness in larger organizations that smaller clinics can exploit. Small clinics can ask staff members to answer the phone and meet that patient when he or she arrives. This approach creates more continuity for the relationship, which patients state that they appreciate.

In 2004, after working with eye clinics in Canada and the United States that used the call-center approach, we decided to try a new approach with the London Vision Clinic. Initially, patient advisors were only answering the phone. We decided to make them a part of the consultation process, and conversion rates went way up. Larger competitors likely cannot offer the continuity of service that a phone/appointment/patient advisor can in a small clinic setting.

Using myriad ways to compete. Not all small organizations must compete in the same ways. Not every practice decides to have the same person answer the phones and attend consultations. Some decide to hire one person for the phone who becomes a specialist in this area, whereas others may decide to have all staff members trained so that any potential caller gets the same friendly, efficient, and appropriate response regardless of who happens to field the call.

Clinics that are not big enough to staff a dedicated call center can train their staff members to provide better quality service on the phone. The key is not what else the person answering the phone does; the key is that the individual takes the time to deal with each caller with great care. He or

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she spends the time to establish a trusting relationship with the caller. Call-center operators generally do not have time to establish relationships with callers.

Playing to strengths, valuing service. We often tell surgeons to price their services on the high side of the spectrum. This is important for small practices. Surgeons in small practices see fewer patients and will likely spend more time with them, which patients love. However, the fixed costs—labor, premises, and technology—will still be high. Small practices should not make the mistake of setting their pricing at the same rates as their larger competitors. Their patients will want something different.

We have frequently noted that, when we implement a price increase for a client, volume often goes up, not down. The clinic's value becomes more apparent to prospective patients who often use fees as indicators of what the service is worth. Smaller practices should let the bigger players play at the lower end of the market. They can achieve those prices because they have advantages that smaller businesses do not have.

CONCLUSION

Small practices have many advantages over larger practices, and vice versa. When each practice type plays to its individual strengths, all can succeed. ■

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