



Strategic Marketing—
Using Information to Grow
Your Business

White Paper
04-001

Contents

1.	Background & Introduction	Pages 1-2
2.	Strategic Marketing Defined	Pages 2-3
3.	Business Intelligence	Pages 3-4
4.	Strategic Marketing—A Step-By-Step Guide	Pages 4-9
5.	Leveraging Information—What Data Do I Need?	Pages 9-10
6.	Conclusion	Page 10
7.	Resource Guide	Page 11

Background & Introduction

As the full impact of Home Health Compare unfolds, many agencies are in the process of adapting their marketing strategies to accommodate this new market reality. Organizations are proactively announcing the availability of Home Health Compare, and offering additional information about their own outcome performance by identifying outcome successes that are not reflected on home health compare. Agencies are expending significant resources to hire “high-powered” sales executives, and some are even hiring from other industries (i.e. pharmaceuticals), in order to expand market share. Marketers are working with Clinical Directors to identify exceptional outcomes and use these as a basis for increasing referrals.

Every market is different, and the competitive environment will reflect these market dynamics. Agencies with different organizational characteristics also have different objectives in a marketplace, and marketing goals will vary accordingly. For example, some agencies want to grow their Medicare business and increase Medicare referrals, while others are looking to simply maintain their steady stream of referrals and discourage their current referral sources from sending patients elsewhere in an increasingly competitive environment. Some agencies are focused on promoting the value of their own agency as compared to a local competitor, while others are trying to promote the value of their services above options other than home care.

Regardless of the unique market, one goal remains the same—agencies are looking for a way to differentiate their services and prove the value that they provide. Differentiation may take many different forms—an agency can argue that they offer the best service, that they offer exceptional quality of care, that they are easier to work with, or that their specialty program is the best in the area.

However, at the core of differentiation lies information. For example, you say that you are the best at caring for congestive heart failure (CHF) patients, and you intuitively “know” that your patients do well in your CHF specialty program, but can

you prove it? Do you know how growing referrals in this specialty program will impact profitability?

The good news is that this information is already available to you—outcomes (OASIS), financials (cost reports), visit utilization statistics—as you have been expending significant resources for years in collecting home health data. Now, you have the opportunity to leverage this information through strategic marketing.

Strategic Marketing Defined

Marketing is a tool that helps organizations grow their business. Marketers accomplish this goal by promoting a product or service, working to establish good will within a community, and emphasizing the value that the organization brings to their target market or their prospects.

It is essential that marketing must always begin with the end in mind. Marketing should never be done simply “for the sake of marketing.” Rather, businesses must use marketing as a tool to achieve a specific desired end. By definition, this is strategic marketing.

When an organization employs strategic marketing tactics, they begin by creating a specific vision of what they want to achieve. Is the goal to create name recognition and/or market visibility, or is the goal to generate sales dollars. There are a myriad of different potential marketing goals—each one requires a different strategy and a different approach. However, by beginning your marketing campaign with a clear understanding of your desired end, you can ensure that dollars spent on marketing efforts will ultimately provide you with the results that you need.

An example...one of our clients—a proprietary agency—recently shared their marketing “story” with us. Their goal was to increase referrals in a way that would generate additional dollars into their agency. They worked with OCS to identify patients with a specific primary diagnosis (osteoarthritis) tended to have

approximately 40 percent profit margins. They further identified that this profitability percentage was generally on par with OCS' industry benchmarks for this subset of patients. This became a potential target for niche marketing by expanding participation in this program. However, the agency needed additional information in order to achieve this goal. First, they used OCS' BBI Elite tool (benchmarking on patient subsets) to isolate the outcomes of osteoarthritis patients and identified that they tended to have exceptional outcomes (i.e. outcomes above all other compare group norms). Second, the agency evaluated the market opportunity and determined that there was a significant market for a specialty program geared toward this subset of patients.

Having identified the profitability, outcomes and market opportunity for osteoarthritis patients, the agency had the business intelligence necessary to make an informed decision about growing referrals in their specialty program. The result—The agency observed an increase in profits, because they had increased the volume of patients in this generally profitable diagnosis group.

Business Intelligence

This example illustrates the concept of business intelligence—a practice that forward thinking businesses have used in other industries for decades. In home health, business intelligence involves combining multiple types of information—clinical outcomes, profitability, and visit utilization (i.e. staffing) statistics—in order to paint a comprehensive picture of agency opportunities, problem areas, and overall performance. At the end of the day, business intelligence is simply “connecting the dots.”

Business intelligence is inherently strategic, and should support the objectives of multiple facets of your organization. Often times, OASIS data lies with the Clinical Director, Financial data rests with the CFO, and marketers lack access to this information. In this fragmented scenario, the information is being accessed, but not necessarily leveraged.

As our industry continues to adapt to Home Health Compare, the factor that will differentiate the leaders from the followers is ultimately their ability to leverage their information to grow their organization.

Chief Clinical Officers can use business intelligence information to evaluate the outcomes for patients being served by certain disease management programs or clinical protocols. Chief Financial Officers can use business intelligence to evaluate the profitability of specialty programs, and determine the feasibility of potentially growing participation in new programs. And Chief Executive Officers can put all of the pieces together in order to establish an organizational direction for growing their business through the Sales and Marketing arm of their organization.

Business intelligence also lies at the core of strategic marketing. The most successful marketing campaigns utilize a multi-faceted approach, incorporating several different types of information, in order to help them determine if they want to grow their business in certain areas. People that are familiar with the “marketing lingo” might call this market research or a SWOT Analysis (strengths, weaknesses, opportunities and threats). The fundamental tenet of these approaches—using information to make informed decisions.

Strategic Marketing—A Step-By-Step Guide

As marketing becomes more prevalent in home health, and as more agencies are looking for a means to incorporate outcomes into their marketing efforts, many organizations are looking for a strategic marketing framework. In this section, we outline a step-by-step guide to implementing an outcome based strategic marketing campaign.

1. Start with the end in mind: What are you trying to accomplish—in measurable, objective terms.

Marketers across all industries skip this step from time to time. However, this step is arguably the most important one in the design and implementation of a marketing effort. Remember, the purpose of marketing is to achieve a desired end.

- ❑ Is your goal to increase referrals? If so, how many more? What type?
From where?
- ❑ Is your goal to increase market visibility? If so, where and why do you want to see more exposure?
- ❑ Is your goal to grow your Medicare business? If so, do you want to increase it across the board, or are you looking to grow in a specific specialty program?
- ❑ Is your goal to expand participation in more profitable programs so that you can balance your organizational mission to provide care to all patients regardless of their ability to pay?

Remember, your organizational goals, marketplace, market position, and characteristics will all contribute to your marketing goals.

If it is difficult to nail down precisely what you are trying to accomplish, perhaps it might help if you try to envision the future. Place yourself six months into the future—what do you want to see as the result of your marketing efforts. Will you see it in your profitability? Will you see an increase in participation in a new Medicare Program? Will you see an increase in the percentage of Medicare patients? By starting “in the future” and looking back to the present, you can sometimes identify some of the underlying goals of your strategic marketing campaign.

2. Benchmark and Analyze Profitability: How will your marketing efforts impact your bottom line?

At the minimum, you need to understand where you are making or losing money—by diagnosis, HHRG, referral source, payer and more. You need to know how this compares to other organizations so you can make informed decisions about reasonable goals and opportunities.

You also need to evaluate your current financial performance in the context of your organizational characteristics and the marketing goals that you listed above. A for-profit proprietary organization will have a different set of goals than a non-profit entity. While the goals might be different, the step remains the same—by understanding financial performance you can ensure that you are striking the balance that you want to achieve, not simply jumping at whatever comes your way.

For example, if you have exceptional outcomes in both a CVA (cerebrovascular accident) program and a Wound Care Program (specializing in Chronic Skin Ulcers), which program do you want to grow? By evaluating profitability benchmarks, you would learn that CVA patients tend to have a 32 percent profit, while patients with chronic skin ulcers tend to have a –3 percent profit (Source-Outcome Concept Systems 2004). Depending on your goals and your mission, this may or may not impact your marketing decisions.

By understanding where your organization is making and losing money, you are better equipped to proactively manage the cost/quality balance. You will have the information to fully appreciate how your marketing efforts will impact your bottom line, for the positive or the negative. Keep in mind that it is not necessarily bad to want to grow participation in programs for which you are losing money. By understanding your profitability, you will make better-informed, data-driven, and conscious decisions.

3. Benchmark and Analyze Outcomes: Credible information that demonstrates your value.

Outcomes are a means of measuring the quality of the service home care agencies provide. Your marketing efforts may depend almost entirely on how your outcome information looks as compared to others. There are many different forms that this can take, but the following offers a few examples.

- If you have great scores on Home Health Compare—market them! And, identify other opportunities to promote your success beyond Home Health Compare. Position yourself as the market leader by showcasing other outcome successes

that are not reflected on Home Health Compare. Make your referral sources ask the competition for their numbers. Set the standard in your marketplace.

- ❑ If you have some low scores on Home Health Compare, you may want to compare your data to more current benchmark norms. Why? Because Home Health Compare includes data from 15 months ago, and your scores may be significantly higher now. If that is the case, you can use a private benchmarking company to identify your current performance and market it before Home Health Compare is fully adopted.
- ❑ In the above example, if your scores are actually low in more current data (and you do have a problem area), you can initiate an OBOI process on those select target outcomes. As a next step, you can then track your performance on a more frequent basis using a private benchmarking company, and then proactively market your success once you cross the threshold into successful territory. Why? Because your Home Health Compare scores will still be low (they include data from 15 months ago) even though you have improved your target outcome performance.
- ❑ If you have some low scores on Home Health Compare, you might also want to look for outcome successes that are not reflected on Home Health Compare. While you cannot use your CMS OBOI reports for this purpose, you can use a private benchmarking company to identify and market these successes.
- ❑ Niche Marketing: In addition to all of the above, the latest form of outcomes based marketing centers around expanding participation in specialty programs— This is also known as niche marketing. It is a very powerful way of differentiating your services in a competitive marketplace and proving the value of the services that you provide. It can be very powerful to demonstrate outcome success at the diagnosis or specialty program level.

Thus, an in depth understanding of outcomes—preferably at a detailed level (diagnosis, HHRG, referral source, etc.)—allows marketers to determine strengths and weaknesses. With that understanding, marketers are better equipped to leverage the best outcome information to support marketing efforts.

4. Evaluate the Market: For a marketing campaign to be successful there must be a market for what you are promoting.

This does not have to be complex. You have been operating in your local marketplace for a long time, and you are familiar with the market's needs. All you need to do is think through your market's needs from a marketing perspective. You may want to consider your location, area demographics, socioeconomic factors, seasonality issues (do you have "snow birds", seasonal workers, others), competitive landscape and more. You may want to assess what you know about your referral sources—are there any specialty patients that would be a referral opportunity for you? Is there a new referral source in the area (i.e. a new hospital CHF program) that could send patients to your agency? Based on this information, you can make informed predictions about the future needs in your community, and then you can determine whether or not you should fill that need based on your own agency capabilities, outcomes profitability and strategic direction.

5. Develop a Plan: Decide what you want to achieve, assign responsibility, and implement it.

Whatever you decide to do—write it down. Include measurable objectives and specific tactical plans where appropriate. Every marketing campaign, no matter how simple or complex, must have a plan that guides it from initial insight to completion. But, like all of the above steps, make sure to keep it simple. Many marketers get lost in the details of this seemingly daunting step. Remember, this plan does not need to be hundreds of pages long—in fact many excellent strategic marketing plans are only one or two pages. The key to success is simply making sure your goal is clear and that you have outlined milestones and measures of success.

6. Measure the results: How will you know if you have been successful?

Keep track of your progress by measuring the results. This is not simply something that is "nice to do." Often times, marketing requires resources. Furthermore,

marketing is designed to achieve an objective. You want to make sure that your marketing efforts are having the desired effect.

By closely tracking the results of your plans, you are better equipped to know whether or not your plan is working, and you will have the ability to make course corrections along the way.

Leveraging Information—What Data do I Need?

Information lies at the core of strategic marketing. But, with all of the information that is available, many agencies are unable to access and leverage the information that will be central to their marketing success. Furthermore, many agencies find that they do not have the tools available to them that place the information in a meaningful and easy to understand format for quick analysis. The result—Data Overload!

When you are initiating an outcome based marketing effort, you want access to comparative information—more than what has been publicly made available. You also want access to comparative information that measures outcomes, visit utilization and profitability at a patient-level. Why the patient level? Because it enables you to do the subset analysis that provide you with the information to engage in niche marketing.

By capturing comparative information at the patient-level, you have access to financial, outcome and visit data all at the patient level. This means that you can “roll-up” and view the data any number of different ways—by diagnosis, HHRG, payer, anticipated therapy need, presence or absence of a caregiver, and much more. Thus, you will be able to define the patients in a specialty program, evaluate the profitability of those patients, benchmark the outcomes of those patients against that same subset of patients in your state, region, nationally, etc., and have the data to prove the value of your services in conjunction with your niche marketing efforts. But be careful, as it is rare to find comparative data that is

collected at the patient level—most benchmarking companies only offer agency-level information. Thus, you will want to evaluate benchmarking in the context of the detail it can provide to support your marketing efforts.

Conclusion

Marketing can be simple or it can be complex—it is what you make it. But, on the most basic level, you only need to know a few key things...

Know your story.

Know what you want to accomplish.

Know who needs to hear your story.

Know how you need to tell it.

Know how you will know if you have been successful.

Resource Guide

Home Health Compare

- ❑ Medicare has created Home Health Compare, a searchable database that offers detailed information about Medicare-certified home health agencies that were certified as of January 2003. To find out how agencies in your local area compare, visit:
<http://www.medicare.gov/HHCompare/Home.asp>

OCS Products and Services

In addition to OCS' clinical and financial applications, many organizations are actively using OCS as their key marketing resource. The following describes the ways in which OCS clients can utilize OCS to promote the value of their agency:

- ❑ **OCS-EPIC facilitates OBQI:** If your agency has OCS-EPIC, you have access to a tool that allows you to quickly and easily identify your strengths and your opportunities for improvement, followed by implementing the entire process of OBQI. Use the OCS-EPIC Target Outcome List to find your successes, create graphs, and market them to your referral sources. Use the automated progress reports to stay on track of your 11 publicly reported outcome measures. These are just a few examples, as OCS-EPIC's sole purpose is OBQI!
- ❑ **Current Information:** OCS desktop applications and online benchmark tools include significantly more frequent and up-to-date information than Home Health Compare. If you want to provide consumers and referral sources with information that represents your current quality performance, you can use OCS data for that purpose.
- ❑ **More information than just the 11 measures:** Whether or not your agency "looks good" on Home Health Compare, there is a great deal of value in being able to examine other aspects of your agency's performance for marketing purposes. Remember that you cannot use your CMS OBQI reports for marketing. If you are an OCS client, however, you have access to more than 400 different measures that you can use for marketing. Find where you shine and promote it!
- ❑ **Benchmark specialty programs:** If your organization has access to OCS' newest online benchmarking program—OCS-BBI *Elite*—then you have access to a tool that will enable you to benchmark subsets of patients. This capability will allow you to engage in niche marketing, by demonstrating the value of your agency's disease management programs, clinical protocols, and other specialty services. This is just one example of how OCS-BBI *Elite* is the most powerful marketing (and benchmarking) tool available in the industry today.

OCS' products are flexible and can be utilized in many different ways, if you have any questions about how OCS can work for you, feel free to contact OCS by email info@ocsys.com or by calling **206.325.3396**.

OCS Additional Resources

"Benchmarking & Business Intelligence: Harnessing the Power of Information" white paper by Heather Rooney and Christine Lang, Summer 2003.

"Preparing for the Quality Management Focus" white paper by Heather Rooney and Larry Peregrine, Spring 2003.

"The Quality Management Focus - Key Strategies for Navigating the Road Ahead" white paper by Heather Rooney and Christine Lang, Winter 2002.

To request a copy of the white papers, contact OCS by email at info@ocsys.com or by calling **206.325.3396**.

About Outcome Concept Systems

Founded by a team of home care professionals, OCS has been providing home care organizations with performance improvement solutions since 1992. OCS maintains the industry's largest proprietary home health benchmark database comprised of clinical outcome, financial, and visit utilization information. OCS uses this information to provide the industry with education, as well as products and services to guide decision-making and improve outcomes. Endorsed by trade associations throughout the country and recommended by major MIS vendors, OCS is the premier home health benchmarking company.

Author: Heather L. Rooney
National Director, Sales & Marketing



1818 East Mercer Street, Seattle, WA 98112
206.325.3396 • www.ocsys.com • www.obqi.com