Strategy & Design in an Audiology Practice

Brian Taylor, AuD
Disclaimer

I have the following financially relevant relationships in the service and/or product communicated, compared, evaluated and/or reviewed in this presentation.

Employee of Unitron, a division of Sonova
On your business vs. In your business
Asking the Right Questions....

The Socratic method, named after the classical Greek philosopher Socrates, is a form of inquiry and debate between individuals based on asking and answering questions to stimulate critical thinking and to illuminate ideas.
What is a sustainable business?
Revenue – Costs = Profit
Profit = Sustainability
The Dilemma

The role of the hearing healthcare provider is deeply tied to technology (hearing aid devices and diagnostic equipment), and the cost of this technology will approach zero – this is an unsustainable business model.

Professionals must adapt or risk becoming obsolete or irrelevant.

Source: Schmidt and Cohen, 2013
Strategy and Design are the Foundation
Agenda

- Channels and Brands (what’s needed to devise your strategy)
- Strategy (what specific choices & actions will you take to generate revenue in a market segment)
- Design (how will you make this offer appealing to customers)
Channels and Brands
Defining your brand
Defining your Brand

Brand:

A brand is the set of expectations, memories, stories and relationships that, taken together, account for a consumer's decision to choose one product or service over another. If the consumer doesn’t pay a premium, make a selection or spread the word, then that customer does not value your brand.

Seth Godin, 2009
What do you want your practice to be known for?
Progression of Economic Value

- Make goods
- Deliver services
- Provide experiences

Diversity: Undifferentiated to Different & Unique

Market Value: Low to High

Customer Need: Generic to Specific

Starbucks Coffee example
Progression of Economic Value

Commodity

Good

Service

Experience
Progression of Economic Value

Where you want to play

Experience

Better Hearing

Service

Fit and Dispense

Commodity

Good

Sell a Product
Who wants or needs your brand?
Segmentation

(what part of the market are we trying to attract?)

(how are various segments of the market unique?)
Segmentation

Identifying a sub-group of customers who want or need your services

- Segment - “who will want your offering”
- Channel - “how they will purchase your offering”
Traditional Segmentation

- Age
- Income
- Performance and Cosmetic Requirements
The Unmet Need

Profound or residual:
- Aided population: 5%
- Unaided population: 95%

Moderate to Severe:
- Aided population: 70%
- Unaided population: 30%

Mild to Moderate:
- Aided population: 10%
- Unaided population: 90%
The Unmet Need

Profund or residual: 5%
Moderate to Severe: 20%
Mild to Moderate: 75%

Quasi-Medical Channel
Consumer Electronic Channel

Aided population
Unaided population
Segmentation Question

What jobs do these individuals with hearing loss want you to perform?

“Help me.....”
“Provide me....”
“Enable me....”
“Get me....”
Grocery Store Example

What job does a customer want from a grocer?

“Help me…”

“Provide me…”
Near-normal to mild segment

- Turn the TV volume lower
- Hear on the telephone
- Follow the conversation in a noisy restaurant
- Generally, an isolated or finite problem
Mild to Moderate/Severe

- Improve my hearing in all listening situations
- Cope with the effects of social isolation (and other behaviors associated with longstanding hearing loss)
- Maintain my independent and sense of youth
- Help me optimize the functionality of my devices
What channel will they obtain our services?

- Near-normal to mild loss: On-line or direct
- Mild to moderate severe: Retail or medical
- Severe-profound: Medical
Segmentation and Channels

- Deep insertion devices (Lyric)
- Entry level CIC
- Entry level RIC
- Group AR/AT
- Individualized AR/AT
- Cochlear Implants

Jobs Needed to Perform

- Premium devices w accessories
- Computerized AR/AT
- Direct to consumer channel

PSAPs
- Apps with earbuds
- ALDs

Degree of Hearing Loss

- Very mild
- Severe-profound
**Jobs Needed to Perform**

- Deep insertion devices (Lyric)
- Entry level CIC
- Entry level RIC
- Group AR/AT
- Individualized AR/AT
- Cochlear Implants

**Complexity**

- Very mild
- Simple
- Direct to consumer channel
- PSAPs
- Apps with earbuds
- ALDs

**Degree of Hearing Loss**

- Premium devices w accessories
- Computerized AR/AT

- Severe-profound
<table>
<thead>
<tr>
<th>Degree of Hearing Loss</th>
<th>Jobs Needed to Perform</th>
<th>Devices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very mild</td>
<td>Simple</td>
<td>Premium devices w/ accessories</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ALDs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Direct to consumer channel</td>
</tr>
<tr>
<td></td>
<td></td>
<td>PSAPs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Computerized AR/AT</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Apps with earbuds</td>
</tr>
<tr>
<td>Severe-profound</td>
<td>Complex</td>
<td>deep insertion devices (Lyric)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cochlear Implants</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Group Aural Rehab &amp; Training</td>
</tr>
</tbody>
</table>
Defining your Strategy
Hope is Not a Strategy
What is a strategy

A strategy is a specific plan of action based upon data that enables you to build a sustainable business.

- Targets a specific segment of the market in a certain channel
- Offers a precise service or product (“performs a job”) to that segment of the market
- Allows you to be profitable over a period of time
Why is a strategy needed

You cannot be all things to all people. In order to optimize time (your most precious resource) and human resources, you need to go after a specific segment of the market with a specific offering.

- Low price strategy
- Differentiation strategy
Why is a strategy needed

You cannot be all things to all people. In order to optimize time (your most precious resource) and human resources, you need to go after a specific segment of the market with a specific offering

- Low price strategy
- Differentiation strategy
Question

What is our mission and purpose?

Example:

“To translate idealism into action by putting the needs of adults with hearing loss before all else.”
Question

What is our mission and purpose?

Example:

“To translate idealism into action by putting the needs of adults with hearing loss before all else.”

Tip:

Mission and Purpose reflect your personal values
Question

Where will we play?

Example:
“We will provide comprehensive services to adults with hearing loss with conventional hearing instrument technology and rehab services.”
Question

Where will we play?

Example:
“We will provide services to adults with hearing loss with conventional hearing instrument technology and comprehensive rehab services.”

Tip:
Use segmentation data and knowledge of competition to guide your answer to this question.
Question

How will we win?

Low cost or differentiation
Question

How will we win?

Low cost or differentiation

Tip:
Differentiation is your only real choice. Review the Progression of Economic Value concept.
Question

What capabilities must we have in place to differentiate successfully?
Question

What capabilities must we have in place to differentiate successfully?

- Motivational Interviewing techniques
- Engaging patient experience around 6 staging areas

Tip: Capabilities must be something that cannot be duplicated by technology or your competitors. The answer to this question is your competitive advantage.
1. Promotion
2. Phone Scheduling
3. Arrival
4. Testing and Recommendation
5. Fitting and Purchase
6. Follow-Up

Customer experience cycle at your Hearing Aid Practice
Question

What systems are required to support our strategy?

An robust office management system that has

- Real time KPIs
- Quality metrics
- Variable data printing
- EMR interface capability
Price

- The outward display of your strategy.
- Your signal to the market.
Pricing Strategies

- Simple Mark-Up (Cost-based)
- Margin-based
- Value-Based
Itemized Bundling

1. Start with Product Tiers

- Quantum/Moxi E
- Quantum/Moxi 6
- Quantum/Moxi 12 or 20
- Quantum/Moxi Pro
Itemized Bundling

2. Define your entry level offering

- Diagnostic Evaluation (unbundled)
- Pair of devices
- 1 year of follow-up office visits
- Group AR class
- 1 year warranty/L & D
Itemized Bundles

3. List additional features you can add

- Remote Control
- Earmolds
- Companion Mic
- Wireless Accessories
- Dry & Store Global II unit
- Additional Warranty
- Comprehensive Aural Rehab Services
- Additional Batteries
- Unlimited Service Visits
Presenting Itemized Bundles to Patients

1. Versioning – choices are locked in at each level

- Level 3 Premium Rehab Plan
  - Bilateral Premium Devices
  - 3 year warranty and supply of batteries
  - 3 year comprehensive care plan – unlimited office visits
  - 2 wireless accessories
  - Dry and Store unit

- Level 2 Mid-level Rehab Plan
  - Bilateral Business Class Devices
  - 2 year warranty and supply of batteries
  - 2 year comprehensive care plan – unlimited office visits
  - 1 wireless accessories
  - Dry and Store unit
Presenting Itemized Bundles to Patients

1. Versioning – choices are locked in at each level

- Level 1 Basic Rehab Plan
  - Bilateral Economy Devices
  - 1 year warranty and supply of batteries
  - 1 year comprehensive care plan – unlimited office visits
  - Dry and Store unit
Presenting Itemized Bundles to Patients

2. Pick-a-Plan – customer chooses from a list

Provide customer with a list of choices:

- Companion Mic
- Wireless ALD for TV (uDirect)
- Remote Control
- Additional Year of Batteries
- Dry and Store
- Additional Year of Services
Presenting Itemized Bundles to Patients

2. Pick-a-Plan – customer chooses from a list

- Level 3 Premium Rehab Plan
  - Bilateral Premium Devices
  - 3 year warranty and supply of batteries
  - 3 year comprehensive care plan – unlimited office visits
  - Choose 3 accessories or “perks”

- Level 2 Mid-level Rehab Plan
  - Bilateral Business Class Devices
  - 2 year warranty and supply of batteries
  - 2 year comprehensive care plan – unlimited office visits
  - Choose 2 accessories or “perks”
Presenting Itemized Bundles to Patients

Level 1 Basic Rehab Plan

- Bilateral Economy Devices
- 1 year warranty and supply of batteries
- 1 year comprehensive care plan – unlimited office visits
- Choose 1 accessory or “perk”
Design
Design

The outward display of your strategy:

- Captures attention
- Encapsulates your brand
- Makes your practice a “destination place”
Design of the Clinic

- Functional for the staff
- Inviting to the patient
Mayo Clinic Jack and Jill Rooms

http://www.youtube.com/watch?v=Yw5TBjyefog
Design of the Clinic

- Involve all 5 senses when possible
- Center on a theme
Designing your Practice Around a Theme

1. Must be interesting to you & staff
2. Uplifting and positive for patients
3. Involve all senses
4. What does a customer notice upon entering?
A theme is an organizing principle that guides behavior of you and your staff. It influences every element of the patient experience across all six staging areas.

Every experience has a theme.

Using the senses of sight, sound, touch, smell (and observed behavior of staff) you can ascertain a theme.
Examples of Audiology “Themes”
Summary

There are two fundamental ways to win...

- Low cost leader
- Differentiation strategy
Summary

- Not all hearing impaired individuals require us to perform the same job

- Look to “win” in one segment and channel

- Create prices for your offerings that “signal” to a specific segment
Customize Your Strategy

- What is our mission and purpose?
- Where will we play?
- How will we win?
- What capabilities are needed to successfully differentiate
- What systems are needed
Customize your Design

- Optimize the shared decision making process
- Provide an engaging experience around 6 staging areas
- Theme the experience using the 5 senses
Customize these concepts

Contact me!

Brian.Taylor@unitron.com