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An Introduction to Strategy & Design in Audiology

Presented by:
Brian Taylor, Au.D.

Moderated by:
Carolyn Smaka, Au.D., Editor-in-Chief, AudiologyOnline

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An Introduction to Strategy & Design in Audiology

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Brian Taylor, AuD

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 Problem

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

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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)

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“What’s in it for me?”

- Better understand the need to re-think strategy and design in the face of changes to hearing healthcare delivery model
- Give you the questions to ask as you rethink and implement a new strategy

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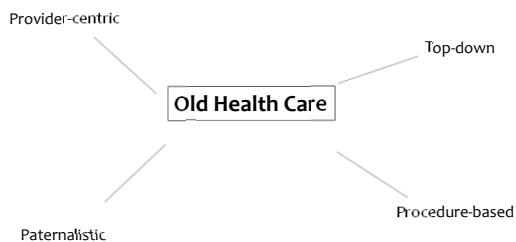
Why strategy and design?

(3 trends)

1. Creative Destruction of Healthcare

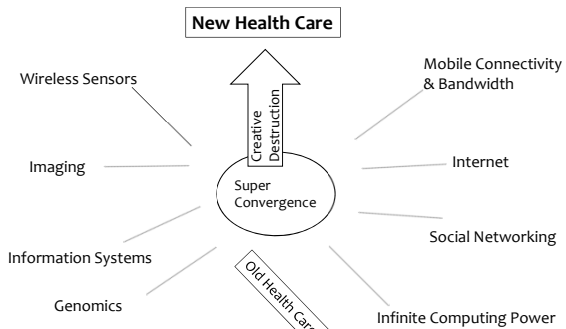
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CREATIVE DESTRUCTION



Topol, 2012

CREATIVE DESTRUCTION



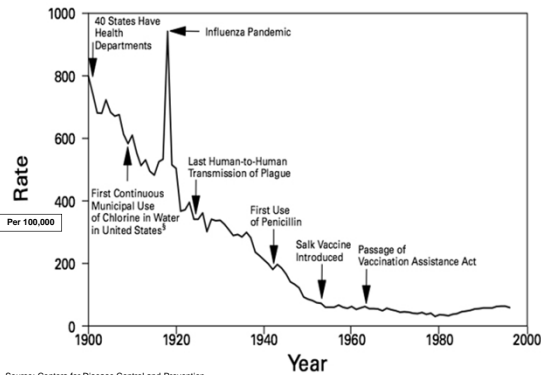
Topol, 2012

2. The Healthy Aging Movement



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FIGURE 1. Crude death rate* for infectious diseases — United States, 1900-1996†



The Healthy Aging Movement in the Era of Mindful Spending

1. Work past the age of 70
2. Living longer and healthier
3. More informed, empowered and mindful
4. Immediate gratification



Wallhagen, 2009; Euro Rscg, 2011

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There are an estimated 30 million surveillance cameras now deployed in the United States shooting 4 billion hours of footage a week.



In 2012, 114 million American used smartphones

3. Transparency of Results



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The Age of Total Transparency:

- Customers can easily write reviews
- Patients publicly critique physicians
- Reimbursement ties to grades
- Someone is always judging your work

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What these three trends mean?

Pursue a differentiation strategy based upon:

- Individualizing** the identification and non-medical treatment of hearing loss
- Customizing** aural rehabilitation and counseling
- Tailoring** programs that prevent hearing loss and foster healthy lifestyles
- Choosing** to deliver these services to a specific segment of the market

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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

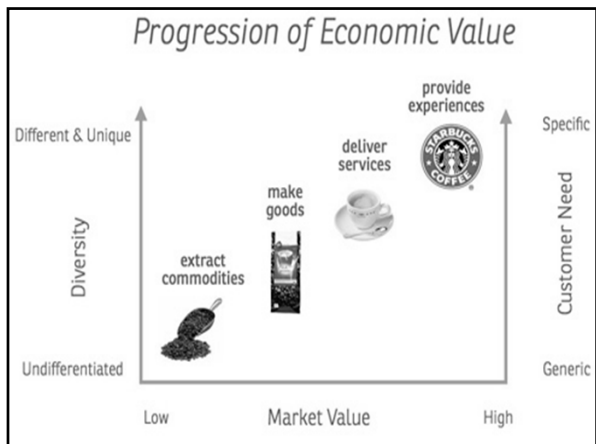
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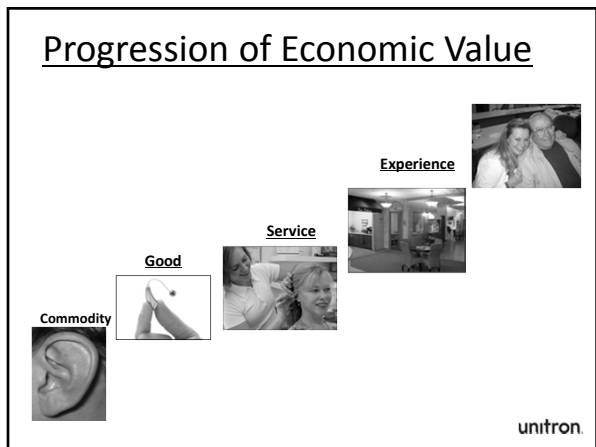
What do you want your practice to be known for?

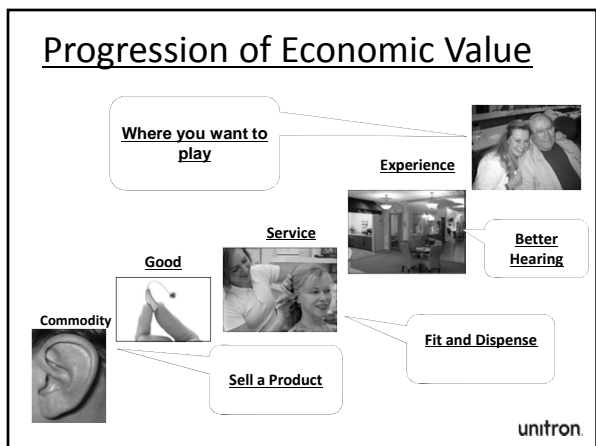
Different Approaches to Differentiation

Price	Easily matched
Skill	Most dispensers good
Technology	Evolving, Expected
Memorable Experience	It's yours forever – cannot be duplicated by others

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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"

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Traditional Segmentation

- Age
- Income
- Performance and Cosmetic Requirements

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Traditional Segmentation

invisible		
Cosmetics		
Visible & obvious		
simple & uncomplicated	Performance	dynamic & complex

Device-centric

invisible	Entry level CIC Entry level RIC	deep insertion devices (Lyric)
Cosmetics		
Visible & obvious	ALDs	Premium devices w accessories Cochlear Implants
simple & uncomplicated	Performance	dynamic & complex

Channels

- Direct-to-consumer
- Online with service contract
- Retail (store front)
- Medical (hospital or clinic)

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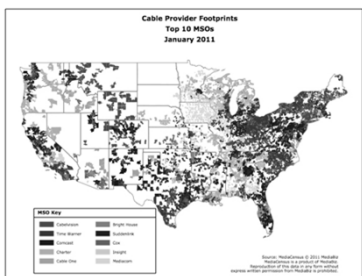
Devising a Strategy...

Use segmentation and channel data to create a clear choice about the patients you want to attract to your practice

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Imagine.....

An area that is within 30 minutes commute to your office



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Question

How many hearing impaired individuals are there within your geographic footprint?

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Prevalence data

- 63% of adults 70 years of age and older have a mild loss or worse
- 3 in 10 people over age 60 have hearing loss
- 1 in 6 baby boomers (ages 41-59), or 14.6%, have a hearing problem
- 1 in 14 Generation Xers (ages 29-40), or 7.4%, already have hearing loss
- 20% of the US population aged 12 years and older has hearing difficulties severe enough to impact communication.

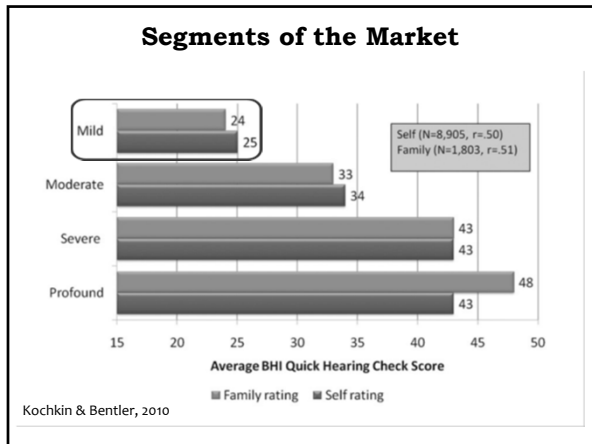
Sources: BHI website; Lin et al 2011

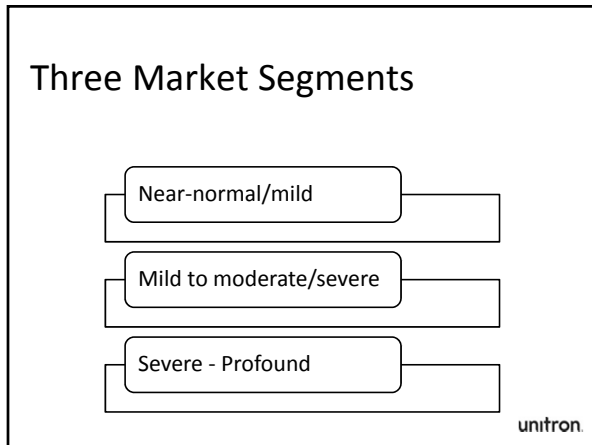
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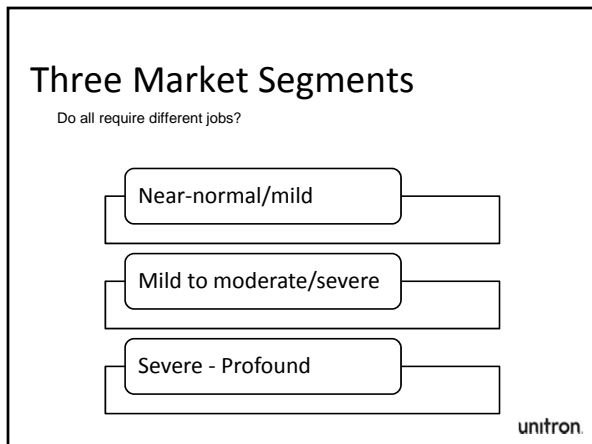
Segment by:

- Degree of hearing loss
- Patient need (“jobs patients want you to perform”)

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Near normal to mild segment

- >25% of the total hearing impaired market
- Not traditional hearing aid candidates
- Amenable to a OTC solution from you (commercial channel)
- Lessons from the Optical profession: An estimated 20% to 25% purchase a complete set of eyeglasses, contact lenses, or undergo Lasik within 18 months (Amlani AAA 2013 - Vision Council, 2012)

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Mild to Moderate/Severe

- Our traditional segment
- ~50% of the total hearing impaired market
- Fit with customized devices

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Severe-Profound Segment

- 5 to 10% of the hearing impaired market
- Traditional medical channel, involving ENT (surgery)

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Segmentation Question

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

- “Help me....”
- “Provide me....”
- “Enable me....”
- “Get me....”

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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

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Mild to Moderate/Severe

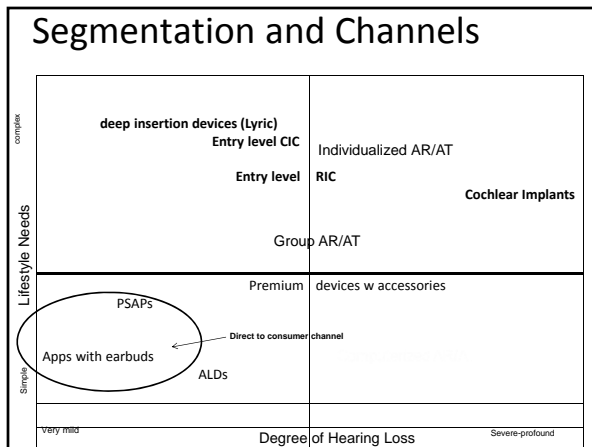
- Improve my hearing in all listening situations
- Cope with the effects of social isolation (and other behaviors associated with longstanding hearing loss)
- Maintain my independent and sense of youth
- Help me optimize the functionality of my devices

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What channel with they obtain our services?

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

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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

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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

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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
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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.”

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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

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Question

Where will we play?

Example:

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

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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.

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Question

How will we win?

Low cost or differentiation

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Question

How will we win?

Low cost or differentiation

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

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Question

What capabilities must we have in place to differentiate successfully?

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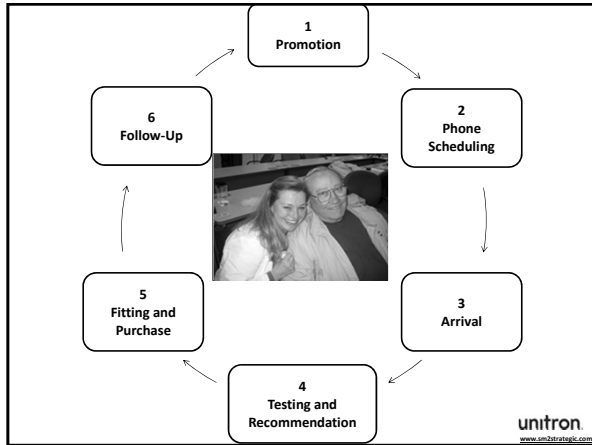
Question

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.

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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

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Itemized Bundling

1. Start with Product Tiers

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

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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

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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

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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

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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

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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

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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”

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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”

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Design

Design

The outward display of your strategy:

- Captures attention
- Encapsulates your brand
- Makes your practice a “destination place”

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Design of the Clinic

- Functional for the staff
- Inviting to the patient

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Mayo Clinic Jack and Jill Rooms

<http://www.youtube.com/watch?v=Yw5TBijyefog>



Design of the Clinic

- Involve all 5 senses when possible
- Center on a theme

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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?

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THEME Your Practice

- 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”

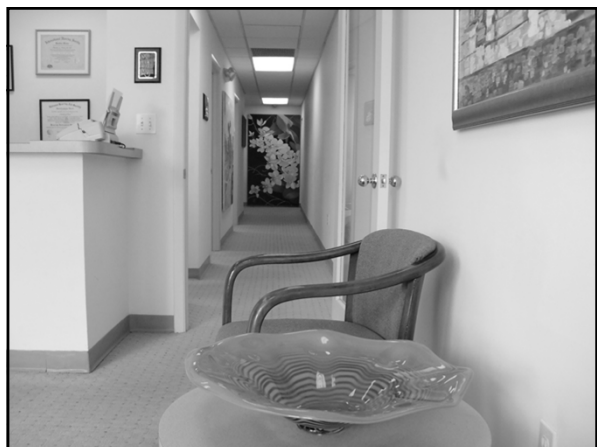
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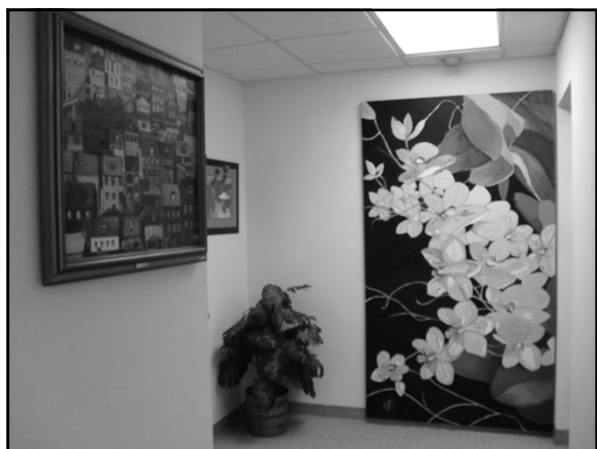














Summary

There are two fundamental ways to win...

- Low cost leader
- Differentiation strategy

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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

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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

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Customize your Design

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

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Customize these concepts

Contact me!

Brian.Taylor@unitron.com

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