

Instructor Resources Sample

This is a sample of the instructor materials for *Strategic Analysis for Healthcare: Concepts and Practical Applications, Second Edition*, by Michael S. Wayland and Warren G. McDonald.

The complete instructor materials include the following:

- PowerPoint slides
- Mapping to other strategic planning books

This sample includes the PowerPoint slides and chapter mapping for chapter 7.

If you adopt this text, you will be given access to the complete materials. To obtain access, e-mail your request to hapbooks@ache.org and include the following information in your message:

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- The use of the text (primary, supplemental, or recommended reading)
- A contact name and phone number/e-mail address we can use to verify your employment as an instructor

You will receive an e-mail containing access information after we have verified your instructor status. Thank you for your interest in this text and the accompanying instructor resources.

Digital and Alternative Formats

Individual chapters of this book are available for instructors to create customized textbooks or course packs at XanEdu/AcademicPub. For more information about pricing and availability, please visit one of these preferred partners or contact Health Administration Press at hapbooks@ache.org.

Strategic Analysis for Healthcare

Chapter 7

PEST Analysis of the Environment

- PEST is an acronym that stands for
 - Political
 - Economic
 - Social
 - Technical
- Some authors have added the words *environmental* and *legal* to form the acronym *PESTEL*.
- For our purposes, however, environmental and legal matters fall under political, because both areas tend to be politically charged and regulated within healthcare.
- The focus is on the industry in which the organization you are studying competes.

PEST Analysis

- The timing and success of particular strategies can be influenced positively or negatively by political, economic, social, and technological factors in the industry in which the organization you are studying competes.
- The strategic analyst studies the macroenvironment both as an input to strategy and as a limiting factor on strategy.
- SWOT analysis may involve issues identified in a PEST analysis that lead to opportunities for an organization.
- Other findings may limit opportunities for an organization's strategy in the industry in which the organization currently competes.

PEST Analysis

- To perform a PEST analysis, the analyst considers each PEST factor one at a time.
- The analyst identifies what issues in the macro external environment (the industry in which the organization you are studying competes) influence each particular factor, how each issue affects the organization, and what implication each issue has relative to strategy.

PEST Analysis

- **Implications for strategy** means
 - “What does this tell you relative to developing strategy?”
Or stated another way, it answers the question:
 - “What should I be thinking about when I go to develop strategy?”
- Once you have identified an issue and identified the impact the issue has on the company, you need to identify what implication that issue has for developing strategy.
 - Does the issue limit your strategic options? Expand them? Will the issue cause the company to spend huge amounts of cash dealing with it?, etc.

PEST Analysis

- The key to identifying implications for strategy is to avoid making specific strategic recommendations in the “implications for strategy” section.
- If you write a specific strategy, you shut out all other strategies that could also work, i.e., you limit your strategic options.

PEST Analysis—An Example

PEST Factor	Issue	Impact on Organization	Implication for Strategy
SOCIAL	Extended families moving into homes of younger family members	Increased consumer demand for healthcare services due to growing number of older patients	Opportunities to market to the older generation as extended families move in; opportunities to penetrate the geriatric market and expand existing services for older population

PEST Analysis

- Note again that “implication for strategy” is different from “strategy.”
 - An *implication* for strategy identifies a broad possibility and allows for future brainstorming of many strategies that could respond to that possibility.
 - By contrast, identifying a particular strategy here ends the discussion and shuts out other possible strategies.

Potential Questions to Consider in a PEST Analysis

Political

- How stable is the political environment you are analyzing?
- How will government policy influence your ability to do business?
- How favorable are the existing tax laws regarding your industry and potentially your business?
- What is the government's position on financial reporting and corporate transparency?
- What is the government's economic policy?

Potential Questions to Consider in a PEST Analysis

Economic

- What are the short-, middle-, and long-term prospects for the economy?
- What is the average disposable income, and how is income distributed?
- What are the interest rates?
- What is the rate of inflation?
- What employment trends have appeared in recent years?

Potential Questions to Consider in a PEST Analysis

Social

- What are the cultural aspects of the area you are analyzing?
- What are the social and religious views of healthcare? Does this change by age or geography?
- What are the roles of men and women in the society?
- What are the demographic distributions of the population?
- What are the population growth trends?
- What is the influence of tradition, and who are the keepers of tradition?

Potential Questions to Consider in a PEST Analysis

Technological

- Does the location have available technology infrastructure?
- Does the area have reliable access to the internet?
- What is the area's overall research and development investment rate?
- Is technology available to produce or provide high-quality products and services?
- Do consumers and businesses take advantage of, and demand, technology?

Example of the Technical Factor

Exercise

In groups or shout-out in class:

Using the next four slides or chapter 7 in the textbook, can you think of other impacts the following technical factors may have on the organization you are studying or any other implications the factors may have for the organization's development of strategy?

Example of the Technical Factor

Analysts often think of the PEST technology issue as referring to high technology, as exemplified above, but keep in mind that technology can also refer to **low-technology** issues.

- For example, consider this: The lack of interstate road structure in rural America makes it difficult for rural patients to access distant specialty healthcare.
- In this example, interstate road structure is a low-technology issue but, nonetheless, falls in the technical category.

Example of the Technical Factor

Environmental Issue Affecting the Industry	Impact on Organization	Implication for Strategy (What We Should Think About When Developing Strategy)
Robots are entering the operating department and are capable of performing precision work (Landro 2018).	Utilization of robots is improving our patient outcomes, leading to higher reimbursement.	Competitors are adopting and utilizing robots more rapidly than we are.
Children are experiencing increased social isolation because of high technology use, which is causing a rise in psychological problems (Blumenthal 2018).	Our psychiatric unit is experiencing higher than historical levels of admittances.	Our psychiatric unit might provide revenue that could be reallocated to fund other strategies.
Magenta Therapeutics and other startups are embracing stem cell transplant technology such as MGTA-456 treatment, which boosts cord blood stem cell numbers by more than 300 times (Winslow 2018).	None, as we have not availed ourselves of this advanced technology.	Advanced stem cell therapies hold significant competitive advantage opportunities.
Artificial intelligence (AI) developments are being aimed at assisting the blind (Kornelis 2018).	The cost of this technology is prohibitive so our patients are going elsewhere.	The market for AI is expanding rapidly, thus providing us with many strategic opportunities.
Chatbots, robots, and digital assistants such as Alexa and Siri are helping the elderly stay healthy (Moise 2018).	None, as we don't have the equivalent of an Alexa app.	Opportunities are expanding for healthcare apps within products such as Alexa.

Example of the Technical Factor

Environmental Issue Affecting the Industry	Impact on Organization	Implication for Strategy (What We Should Think About When Developing Strategy)
Sensors, tablets, and other devices are extending the lives of patients with dementia (Wang 2018).	We are not in this space.	Opportunities exist to incorporate device technology into long-term treatments.
Crowd-funding platforms such as Kickstarter are opening to healthcare entrepreneurs (Constable 2018).	We are not in this space.	Cutting-edge technology may be available to us before our competitors through crowd funding.
Higher-quality video conferencing technology is leading to an increase in diagnosis over cell phones (Evans 2018).	Our broadband access points are slowing because of increased use of video conferencing that is using up our bandwidth.	Must be aware that the general population is shifting away from use of computers and toward cell phones.

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Data breaches at major corporations suggest that hackers may target healthcare facilities soon (Harris 2018).	Increased expenditures to protect patient financial and personal data.	Any strategy must take into consideration exposure to technology hacking.
Detailed technological surveillance of physicians is decreasing human errors and reducing preventable mistakes (Ward 2018).	We have not used this technology and the cost to do so could drain money from other projects.	Potential strategies can include adding physician surveillance.

Example of the Technical Factor

Environmental Issue Affecting the Industry	Impact on Organization	Implication for Strategy (What We Should Think About When Developing Strategy)
New technology for DNA sequencing is speedier and enabling diagnoses and treatments that can save sick babies' lives (Linden 2018).	Our patients are beginning to request DNA testing.	Our patients are beginning to request DNA testing.
Technology is saving the lives of patients who, in the past, would have been declared dead (Marcus 2018).	We have had three lawsuits over the determination of death in the past year.	Any strategy should take into consideration the fact that patients' families may use technology to overrule our determinations.
Bitcoin block chain digital ledger technology is being used to organize healthcare records (Geron 2018).	Our accounts receivable department has been struggling with collecting payments from self-pay patients, and this technology could improve our collections.	Leveraging Bitcoin technology can help reduce the administrative burden in future strategies.
Technology is enabling nurses to meet with patients online (Holland 2018).	Our efficiency and patient throughput could be improved by shifting nurse–patient contact online.	Technology to meet with patients online can make future strategies more efficient and productive.

Exercise

- Break into groups and brainstorm political, economic, social, and technical issues that impact the industry you are studying.
 - Determine what impact each issue has on your organization.
 - Determine what implication each issue has on strategy for your organization.
 - Use the space provided at the end of chapter 7.

CHAPTER MAPPING
for
Strategic Analysis for Healthcare: Concepts and Practical Applications

Strategic Analysis for Healthcare: Concepts and Practical Applications, Second Edition, is designed for a number of purposes. Its workbook format allows students to apply specific strategy concepts in their academic work. It can be used as a stand-alone text or combined with other textbooks if desired. We (the authors) have mapped two other Health Administration Press books on strategic planning that we feel are a good fit for our textbook.

The following is a mapping of specific chapters in *Strategic Analysis for Healthcare: Concept and Practical Applications*, Second Edition, to the following texts, also by Health Administration Press:

Walston, S. 2018. *Strategic Healthcare Management, Planning and Execution*, 2nd ed. ISBN 9781567939606.

Harris, J. (ed.). 2018. *Healthcare Strategic Planning*, 4th ed. ISBN 9781567938999.

Wayland and McDonald	Walston	Harris
Chapter 7	Chapter 7	Chapter 6

These are specific chapters that Wayland and McDonald feel are applicable to the tools in their book. There are many others, as the tools can be used for many applications, but these will be especially useful.