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MARKET ASSESSMENT TOOLKIT



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The Market Assessment Toolkit also includes the following tools which can be accessed through the Value-Based Business Center on cap.org:

Current Clients Workbook (Excel)

Opportunities Assessment Workbook (Excel)

Evaluation Form (Word)



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AN OVERVIEW OF THE MARKET ASSESSMENT TOOLKIT



Identify and prioritize potential opportunities
within your markets of interest



The Market Assessment Toolkit will help your practice to better understand your market, uncover new opportunities, and develop a strategic plan to make the most of your findings.

Emerging payment methods, new business models, and advances in technology are among the driving forces reshaping local, regional, and national markets, and these evolving conditions could provide your practice with new opportunities. This toolkit provides your practice with a framework, resources, and techniques to examine current and potential markets, conduct an analysis of key market forces, and develop information regarding the characteristics of potential opportunities.

What high-level insight does this toolkit provide?

- An analysis of current market conditions
- Visibility into the unmet needs/expectations of your market.
- Definitions for your practice's market(s) of interest.

What is included in the toolkit?

1. **Toolkit Overview**
2. **Market Assessment - Guide 1**

A guide for initiating a market assessment project. Includes direction for developing a general understanding of the anatomic pathology market and defining your practice's specific market(s) of interest.

3. **Market Assessment – Guide 2**

A guide for examining your current market and clients. Data analyzed by percentage share, subspecialty, referral source, etc. includes instructions for the Current Clients Workbook.

4. **Market Assessment – Guide 3**

A guide for evaluating and prioritizing potential new and existing market opportunities. Includes instructions for the Opportunities Workbook

5. **Market Assessment Workbooks**
 - a. **Current Clients Workbook** – Assists with gathering and analyzing your practice's historic and current market information.
 - b. **Opportunities Workbook** – Assists with identifying and examining potential clients and markets.
6. **Toolkit Evaluation Form**

A brief survey designed to offer your practice the opportunity to provide feedback on the efficacy and practicality of the Market Assessment Toolkit.

What type of practice will benefit most from this toolkit?

Any practice interested in examining the characteristics of current and potential markets to improve its competitive presence will find this toolkit useful.

Why should my practice use this toolkit?

The Market Assessment Toolkit:

- Provides your practice with up-to-date information regarding its immediate market.
- Assists your practice in creating projections for

Review your practice in-depth with other toolkits outlined in the Value-Based Business Center



future business.

- Establishes methods to analyze data and create or modify business plans.
- Better prepare your practice for opportunities, both planned and unexpected.

Scalability

This toolkit is scalable to all practice sizes. Whether your practice is a smaller, local operation or part of a larger chain, an in-depth understanding of your market is crucial for success.

Resources required

While this project will call for a motivated individual to lead the way, successfully completing this analysis will require

the participation of your entire practice. Below are a few examples of necessary functions.

Project management	Assigning responsibilities, setting timelines, ensuring all duties are performed in the agreed upon time, etc.
Billing and payment data	Current and historic data, including referral statistics by physician and referral site.
Target market data	Physicians, surgery centers, payers, etc.
Data compilation	Identifying and gaining cooperation of the data sources required for completing the analysis. If your practice is not able to obtain all the information, compile as much information as you can. Transcribing all collected data into the appropriate toolkit workbook(s).
Data analysis	Analyzing and prioritizing opportunities revealed from the collected data.
Meeting with your practice's leadership	Reviewing the results and modifying current or creating new strategic plans.

Depending on your practice's organization, some steps could require you to reach out to external resources for assistance.



Consider using external resources

- **Business data support** – Depending upon your practice's information technology systems, you may need more than one person to support the collection and compilation of required data. If the data will need to be retrieved from a third-party system (hospital/health care system), arrangements to access these data should be made in advance.
- **Market research support** – For some practices, collecting the Market Assessment Toolkit data may necessitate the use of a market research organization. For a list of firms specializing in this area, consult the CAP Practice management Directory, available at [cap.org/practice management](http://cap.org/practice-management).
- **Administrative support** – it may be necessary to secure assistance with coordinating research, managing all files and information, and transferring the data to the Current Clients and Opportunities Workbooks.

What is the connection between this toolkit and implementing new services and/or payment models?

- Your practice can use this toolkit to assess the condition of your market, identify new opportunities, and strengthen your competitive position.

Where does this toolkit connect with the Value-Based Business Center?

- The Market Assessment Toolkit—used in conjunction with the Practice Assessment Toolkit—allows your practice to develop a strategic plan for capitalizing on new opportunities in the market

To get started

- **Plan the project** – Plan your market assessment by identifying key activities, setting deadlines, and assigning responsibilities.
- **Create a data collection plan** – Using the sample data collection plans included in the toolkit workbooks for guidance, determine what data sets are required,

where the data will be retrieved from, and how the data will be managed and entered into the workbooks.

- **Gather data** – once data have been created, utilize the three market Assessment Guides for assistance with collecting the agreed upon information from the identified sources.
- **Analyze your findings** - Once all data have been collected, review your findings to develop a better understanding of your market, identify opportunities, and develop or modify strategic plans.

What's next after my practice uses the toolkit?

- After analyzing the information gathered through the market Assessment and Practice Assessment Toolkits, your practice will have identified new opportunities for growth. The information gathered in this process will also serve as a resource to help guide your practice toward building and implementing effective strategies moving forward.



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UNDERSTANDING YOUR CURRENT & TARGET MARKETS



For ease of use, the Market Assessment Toolkit features three guides, each directing your practice through a step of the market assessment process.



Guide 1 – Helps your practice understand the general anatomic pathology market and define a specific market of interest.

Guide 2 – Helps your practice evaluate the value and significance of its current clients.

Guide 3 – Helps your practice identify and prioritize market opportunities.

A market assessment—when used in conjunction with the results of other Value-Based Business Center toolkits—will help your practice better understand your market, uncover new opportunities, and prepare for developing a strategic plan to make the most of your findings. However, a market assessment is only of value if it's conducted in a realistic and achievable manner. As such, the first steps of any market assessment are defining a market to target and planning your research. Market Assessment - Guide 1 will assist your practice with the first two tasks of a market assessment.

1. Develop a general understanding of the anatomic pathology (AP) market.
2. Define your market(s) of interest, based on AP market data.

General Understanding

To effectively conduct a market assessment, your practice will first need to develop a general understanding of the AP market as a whole. During this process, your practice will develop a baseline data set for the overall AP market that will serve as a benchmark as you work to define specific markets of interest.

The following information should be gathered to create the baseline data set. The data should be collected to reflect both hospital and nonhospital-based referrals.

- Identify the average rate of growth of the AP for the most recent 12-month period. Compare this rate with your intentional growth rate.
- Determine the market share by specialty for AP.

- Identify the top five specialties in terms of both market share and annual growth rate. For example, XXXX cancer may occupy up to 20% of the market and have had a 7% growth rate over the last year.
- Determine the growth rate of any regional or national competitors. See the Competitive Intelligence section in Market Assessment – Guide 2 for more details on this method.
- Identify any regional or national trends regarding physician office ownership by hospitals.
- Identify joint venture trends involving referral sites, laboratory/pathology group mergers/acquisitions, and surgery centers.

Consult the References and Resources section at the end of this guide for recommendations for finding data.



- Determine local, regional, and national trends for accountable care organizations (ACOs) and other business models that are structured around the shift to value-based payments.
- Identify referral trends. For example, what percentage of pathology work is being generated by hospitals versus nonhospital sites. Typically, these data are available to reflect national trends.
- Depending upon your practice's area(s) of interest, a deeper analysis of the suggested data may be warranted to create a more specific baseline for your potential market. This information will help guide your practice in determining which data sets you would like to explore in more definitive terms for your geographic areas and which specialties appear to be driving your AP market.

Define your market of interest

Once your practice has developed a general understanding of the AP market, it will be necessary to define your specific market(s), including specialties, geographic area, types of clients, and competitive forces. Defining your specific markets will assist your practice in identifying required data and establishing objectives for your market assessment.

1. First, select the specialties your practice wishes to investigate. This will drive the need for certain data sets. Your practice may elect to perform a broad assessment by evaluating multiple opportunities, or you may opt to refine the scope of your market assessment by focusing your efforts in areas where you have “trapped” potential—that is, underutilized in-house competencies, capacity, or areas of interest.
2. Next, your practice will need to define the geographic market in terms of current and potential locations. Consider how wide a geographic area your practice can realistically reach. It's important that your practice's level of service and ability to compete aren't negatively impacted by working with clients that may be far away.
3. Consider what types of clients your practice wants to target and which ones it may want to avoid. This will reduce the amount of data required and create a more focused data set.

4. Identify the competitive forces in the market area that your practice is investigating. This information will be a factor in designing your data collection plan.
 - a. Refer to the Competitive Intelligence section of Market Assessment -Guide 2 for recommendations.

Regardless of how broad or narrow an assessment your practice undertakes, you will need to examine existing clients to accurately determine your current market position by specialty services, geography, volume, growth, and payer mix. These methods are discussed in Market Assessment - Guide 2.

What's next?

This step of the market assessment will help your practice to define the market(s) it wishes to pursue. Next, Market Assessment - Guide 2 will help your practice evaluate its current clients and performance—critical information when considering any sort of growth or expansion.

References and Resources

Below, you will find various resources for pathology market data. Although not an exhaustive list, most of the data will reflect national trends, statistics, and key issues that your practice can use in a comparative format. You can apply these data in your modeling regarding new markets and opportunities.



Population maps-customized

Create various demographic details on a map and view by county

- <http://tigerweb.geo.census.gov/datamapper/map.html>

Medicare demographics by county

A sortable ZIP file containing detailed Medicare demographic data and disease cost summaries

- http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Medicare-Geographic-Variation/GV_PUF.html

CMS charge data for in-patient and out-patient services by hospital provider

Provides the user with all charge data for a variety of illnesses; out patient visit counts and other sortable information by hospital name

- <http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Medicare-Provider-Charge-Data/Outpatient.html>

Market and industry statistics

Customizable search by market sector (eg, health care) yields a variety of information useful for market planning

- <http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t#none>

Hospitals and market share

Certain reports available at no charge, other reports start at \$50

- <http://ahadata.com>

Physician database-sortable by specialty and geographic areas

Your practice can purchase specific data by geographic area and specialty from this proprietary data base

- <http://www.usmeddata.com/doctor-database.html>

Health plans and market share

Proprietary reports available for purchase

- <http://www.ahip.org/Store/detail.aspx?id=DIRHP12>

Various health care related data sets and references

U.S. National Library of Medicine and National Institutes of Health provide a wide range of health care related data bases

- <http://www.nlm.nih.gov/hsrinfo/datasites.html>

Insurance coverage (Medicare, Medicaid, and Commercial)

- Free reports as well as references to additional data
<http://www.census.gov/hhes/www/hlthins/>

Disease statistics, health care stats, and references

Provides a variety of free data and reports

- <http://www.cdc.gov/nchs/>

Statistical trends and health care indicators

- Various reports from CMS; includes searchable data bases <http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/PSRR/index.html>

Largest physician groups

- Refer to your local business journal or book of lists
- Typically contains data regarding the size of practices, revenue and ownership

Employer data and related local market information

- Refer to your local Chamber of Commerce for very specific localized information

Community health statistics

CDC files searchable by state and county

- <http://wwwn.cdc.gov/CommunityHealth/homepage.aspx?j=1>

Competitive information (one type of source)

- Blog style forum for diagnostic lab professionals
<http://www.cafepharm.com/boards/forumdisplay.php?f=7>



Microsoft MapPoint

Free trial of MapPoint

- <http://www.microsoft.com/mappoint/en-us/freetrial.aspx>



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DETERMINE THE VALUE OF YOUR CURRENT CLIENTS



For ease of use, the Market Assessment Toolkit features three guides, each directing your practice through a step of the market assessment process.



Guide 1 – Helps your practice understand the general anatomic pathology market and define a specific market of interest.

Guide 2 – Helps your practice evaluate the value and significance of its current clients.

Guide 3 – Helps your practice identify and prioritize market opportunities. Market Assessment - Guide 2 will instruct your practice on the use of the Current Clients Workbook—a tool for evaluating the value and significance of your current clients. All instructions necessary for using the Current Clients Workbook to aggregate, review, and analyze the data required for this step of the market assessment can be found in this guide.

While most data required for this workbook will be sourced from within your practice, Market Assessment – Guide 1 lists a variety of references and resources that may be helpful as your practice completes the overall market assessment

Data collection plan

A data collection plan will be a crucial aspect for every step of your market assessment project. The data collection plan will help to ensure your practice is gathering relevant information that will assist in making informed and actionable decisions. A Data Collection Plan tab is included in the Current Clients Workbook and can be easily adapted to your practice's needs.

- Current client data
 - Current client data can be sources through your laboratory information system (LIS), business/billing information system (BIS), or existing knowledge.
 - Necessary data will include:
 - Monthly client volumes by individual physician from your LIS.
 - Insurance carriers, the units/codes for which they paid you, and the total dollar amount paid from your BIS data.
 - Percentage of cases compared to the total cases from a referral source (estimate). For example, if a referral source sends your practice cases for a specific payer and all of their other cases to another laboratory.

Data gathering

- Every practice will have a combination of reports and systems that can provide data regarding the impact and trends of its current clients and referring physicians.
- For the Current Clients Workbook, most, if not all, data will be sourced internally from your practice's records. Below is a brief description of the tabs found in the Current Clients Workbook, along with the required data and instructions for use.

Practice Referrals – Details Tab

- Insight provided by this tab
 - A better understanding of specimen volume trends by month and year, specialty, and client.
 - A better understanding of the relative volume impact of different types of clients.
 - Practice benchmarks for evaluating new opportunities.



- **Required data**
 - The name of each referring physician.
 - The practice name associated with each physician.
 - The referrer's location, including address, state, and zip code.
 - The physician's specialty area.
 - An estimate of the percentage of this referral source's AP work your practice receives vs. your competition.
 - This field is labeled Percent Share
 - The volume of biopsies for the past 18-24 months (monthly) for each referring physician.
- **Instructions for use**
 - It is recommended that at least 18 months worth of your practice's referral data be entered. This volume will help your practice identify any trends that may be related to seasonality, new entrants into the market, payment changed, changes in managed care coverage, etc.
 - The Practice Referrals-Details tab allows you to sort on location data, specialty practice data, or both. To sort by data category, follow these steps:
 - The Practice Referrals-Details tab, columns D-City, E-State, F-Zip, and G-Specialty contain an arrow
 - Click on the arrow and a box will appear listing all of the data contained in that row. The box will be checked to "select all" data.
 - Uncheck the "select all" data box and make your selection.
 - The data will be selected based upon this selection.

Holidays tab

- **Insight Provided by this tab**
 - A means to identify sudden drops in volume when comparing monthly specimens per day. This tab can also be used when your practice is impacted by holidays and other events such as inclement weather, natural disasters, etc. The dates included in this tab will not be counted as workdays in the Practice Referrals-Details tab.

- **Required data**
 - Any dates when your practice may have been closed or cooperating under shorter hours than usual.
- **Instructions for use**
 - Enter all holidays, instances of inclement weather, etc into column B of the holidays tab. If and when your practice encounters unexpected dips in volume when reviewing historical data, consult the Holidays tab to determine if any of these dates may be the cause.

Annual Totals tab

- **Insight provided by this tab**
 - The relative volume of each practice specialty.
 - The relative volume of each referral source.
 - The diversity of your practice's offerings; useful for market risk assessment.
- **No data entry required**
 - The Specialty Analysis tab auto-populated from data in the Practice Referrals-Details tab.

General Relationships tab

- **Insight provided by this tab**
 - A rating of the quality of the relationships your practice has with external parties.
 - A rating of the importance of the relationships your practice has with external parties.
 - Insight into which relationships are important to your practice, but perhaps not as strong as they could be.
- **Required Data**
 - Input from your practice's leadership regarding the practice's relationships with key stakeholders.
- **Instructions for use**
 - Using the spreadsheet in the general Relationships tab of the Current Clients Workbook, survey your practice's leadership as to their opinion of the quality and importance of the practice's relationships with certain stakeholders.
 - A rating system is provided on the General Relationships tab.
 - Enter all responses into the appropriate columns of the General Relationships tab.



Specific Relationships tab

- Insight provided by this tab
 - An organized approach for categorizing individuals with whom your practice should seek to develop a stronger relationship.
- Required data
 - The name and title of each individual with whom your practice has determined it wishes to forge a stronger relationship.
 - Sourced from the General Relationships tab.
 - Contact information (phone number and email address) for each individual with whom your practice has determined it wishes to forge a stronger relationship.
 - The average relationship quality and importance ratings for each individual.
 - Sourced from the General Relationships tab
 - Your practice's primary and secondary relationship leads with the identified individuals.
 - A description of the current relationship and what the practice would like it to be.
- Instructions for use
 - Once all information has been collected, enter it into the appropriate columns on the Specific Relationships tab.
 - This tab will serve as a resource for not only identifying the individuals with whom your practice must form a stronger relationship, but managing this process as well.

Creating and managing key relationships within the market is an important element to the success of a practice's new venture. Two-way relationships and ongoing communication with key players could be a strong competitive advantage for your practice. By developing a solid working relationship with key individuals and organizations, your practice can bolster its efforts to secure a seat at the table when new and innovative payment and business models are being developed.

Payer Mix tab

- Insight provided by this tab
 - An understanding of the relative importance of each payer to your practice.
 - A ratio for percent of payments to percent of volume as indication of the ranked importance of each payer to your practice.

- Practice benchmark data for use in estimating the value of potential players
- Required data
 - Working with your billing department or service, locate the necessary data to create a Payer Mix Analysis. Required information includes:
 - A listing of all insurance companies (payers) what work within your practice.
 - The total number of units, codes, or cases that were paid for the period.
 - The total amount that was paid for a given period.
- Instructions for use
 - Enter the name, total payment amount, and total number of units for each payer in the appropriate columns.
 - The Payer Mix tab will automatically generate the average payment per unit, percent of payments, percent by volume, and payments less volume percentage for each payer.

Competitive Inventory tab

- Insight provided by this tab
 - A review of your practice's strengths and opportunities for growth compared to your competitors.
- Required data
 - The competitive Inventory tab contains a list of attributes for your practice to compare itself against the competition
 - This list should be adapted to suit your practice.
- Instructions for use
 - Using the spreadsheet in the Competitive Inventory tab of the Current Clients Workbook, survey your practice's leadership on how your practice, as well as the competition, rates in the attributes you've selected.
 - A rating system is provided on the Competitive inventory tab.
 - Enter all responses into the appropriate columns of the Competitive Inventory tab.

Once you have completed the Competitive Inventory and ranked your competition, your practice should turn its attention to the specific operational dynamics of these competitors and create an analysis of any market gaps, barriers, or other factors that may exist that could influence your strategic plan.



Competitive intelligence

Publicly traded companies

The Securities and Exchange Commission (SEC) requires publicly traded companies to file a variety of reports that may yield valuable information, including key operating indicators, market penetration, and overall strategic direction. Some companies post these reports on their website. Your practice should gather as much information as possible regarding these competitors, such as their strategic mission, market challenges, and any material changes in their competitive landscape.

Private companies

Gaining competitive information from privately held operations is more of a challenge. However, for each competitor, your practice may already have access to some of this information. For example:

- Some health plans make payment information available. By checking with the local and regional plans, your practice may be able to determine how many units or CPT codes a particular operation has billed and paid for.
- Similar information exists on the CMS website, which provides generalized market data as well as identifiable data sets. Refer to the References & Resource section of Market Assessment - Guide 1 for more information.

Online Research

A competitor's website can contain valuable information as well.

- For example, viewing the credentials of a competitor's pathologists may give you a general understanding of its areas of expertise and what caliber of practices you will be marketing against.
- By viewing its testing menu and advertised turnaround times, you can also make certain assumptions on how to compete with it.

By using the Dunn and Bradstreet listings, you may also gain insight into your competitor's financial position and other aspects of its

Data analysis

The Current Clients Workbook will help your practice gather the information necessary to assess the value and significance of your current clients. When analyzing the findings, consider what each data point can tell you about your current situation, and how this could impact your practice moving forward. Key takeaways from this step of the market assessment include:

- For each referral source:
 - Average payment per unit.
 - Percentage of total payments.
 - Percentage by volume.
- The quality and importance of your practice's relationships with key stakeholders.
- An analysis of your practice's market position, compared to the competition, on a variety of practice-selected topics.
- Yearly and monthly comparisons of your practice's volume.

Next Steps

Once you've completed the Current Clients Workbook, and all necessary data analysis, proceed to Market Assessment - Guide 3, which will assist your practice in completing the Opportunities Workbook, the final piece of the Market Assessment Toolkit.



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IDENTIFY AND PRIORITIZE OPPORTUNITIES



For ease of use, the Market Assessment Toolkit features three guides, each directing your practice through a step of the market assessment process.



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Guide 2 – Helps your practice evaluate the value and significance of its current clients.

Guide 3 – Helps your practice identify and prioritize market opportunities. Market Assessment - Guide 3 will instruct your practice on the use of the Opportunities Workbook—a tool for evaluating and prioritizing potential new and existing market opportunities. At this point your practice should refine its focus so that accurate and actionable data can be collected.

As in the Market Assessment - Guide 1 and Market Assessment - Guide 2, you will need to obtain data from both external and internal resources. Market Assessment - Guide 1 contains a References and Resources section that will be helpful in completing your market assessment.

Data collection plan

A data collection plan will be a crucial aspect for every step of your market assessment project. The data collection plan will help to ensure your practice is gathering relevant information that will assist in making informed and actionable decisions. A Data Collection Plan tab is included in the Opportunities Workbook and can be easily adapted to your practice's needs.

• Opportunities data

- The data necessary for the Opportunities Workbook can be sourced from a variety of resources. Market Assessment - Guide 1 contains a References and Resources section with links to where your practice can source this information.
- Necessary data will include:
 - Population of your practice's defined geographic market area(s).
 - Physicians, medical practices, hospitals, or other health care entities that are considered sources of referrals or may have a need

for your practice's services. If your practice has chosen to focus on a single subspecialty, this data set may be confined to sources that generate referrals for that subspecialty or have control over the flow of referrals for the subspecialty.

- Insurance plans located in the area and the number of members in the plan.
- Competitors located within your practice's defined market area(s).
- Estimated volume or market penetration your practice's competitors own in their markets.

Data gathering

Unlike the Current Clients Workbook, the data necessary for the Opportunities Workbook will come from external sources. Consult the References and Resources section of Market Assessment – Guide 1 for links to where your practice may source the required information. Below is a brief description of the tabs found in the Opportunities

PRIORITAZE OPPORTUNITIES



Workbook, along with the required data and instructions for use.



Defined Market tab

- Insight provided by this tab
 - Important geographic and demographic information on your defined market(s) of interest.
 - Market share and value estimates, as they relate to your defined market(s) of interest.
- Required Data
 - Market target area
 - Market total geographic population.
 - Target demographic
 - Target segment.
 - Including cancer screenings and incidence of cancer.
 - Your practice's estimated market penetration of the target segment.
 - Biopsies per month for this specialty. This can be based on your practice's experience or external data sources if a new specialty. See the References and Resources section in Market Assessment – Guide 1 for a listing of potential external sources.
- **Instructions for use**
 - Enter all data into the appropriate grey sells of the Defined Market tab.
 - The tab will automatically generate estimates market share, market value and annual value.

Target Market Estimates tab

- Insight provided by this tab
 - An assessment of the volume and value of potential clients.
- **Required data**
 - The name, address (street, city, and zip code), and specialty of potential clients within your defined market (s).
 - The availability of all potential clients listed.
 - Availability refers to whether or not a potential client is controlled or heavily influenced by their association with a health care system or a hospital.
 - An available opportunity likely *will not* be controlled by these organizations.
 - The estimated monthly volume of each potential client.
 - Your practice's average payment per unit..
 - This will be sourced from the Payer Mix tab of the Current Clients Workbook.

- Each potential client's current pathology provider, if available.
- Instructions for use
 - Enter all data into the appropriate columns of the Target Market Estimates tab.
 - The tab will automatically generate estimates for annual volume, income per biopsy, and market value.

Market Insurance Companies tab

- Insight provided by this tab
 - A review of potential insurance provider clients in your practice's identified market(s) of interest.
- Required data
 - The insurance company's name.
 - The insurance company's address and contact information.
 - Your practice's current contract status with this provider.
 - If contracted, include the current volume of business.
 - Number of insured lives within this plan.
 - Primary service area.
- Instructions for use
 - Enter all data into the appropriate columns of the Market Insurance Companies tab.
 - Once an insurance listing is generated, identify any plan that does not also appear on your practice's Payer Mix Analysis in the Current Clients Workbook.
 - These will be the insurance providers with which you may want to pursue contracts.

Market forces

Once the data are gathered concerning your current and target markets and your competitors, your practice should perform an overview analysis of market forces. For the purposes of this assessment, market forces will be defined as those factors that will determine the competitive intensity or relative attractiveness of a given market. In broad terms, these forces can be characterized as controllable and uncontrollable. They may have a direct impact on your practice's ability to serve your clients and to make a profit. By leveraging your practice's key competencies, capabilities, and capacities and creating a unique business plan to address these factors, a practice can remain a viable competitor and do so in a profitable fashion.



Controllable forces include, but are not limited to:

- Your practice’s current service offering.
- The relationships that your practice has with key health care leaders
- The ability of your practice to adapt to change and respond to shifts in the market.
- Willingness to expand services and invest capital.

Uncontrollable forces include, but are not limited to:

- Political, regulatory, and payment issues.
- General economic conditions of the market(s).
- Technological innovations.
- Hospital and health care system mergers or acquisitions.

- Identify current clients. This could also help in structuring logistics and sales support.
- Identify clients to target.
- Identify competitors and their clients.
- Identify health system resources and physician practices that may be excluded from opportunity considerations.
- Evaluate the density of physician practices in a sample area.

Mapping the market

Figure 1 represents one way a practice could visually organize their current referral base and targeted sites. This provides a geographic summary of the current referral sites (in red) and identifies the potential or targeted referral sites in blue.

Referring to the example in Figure 1, we see that this practice has two clients (red) and five targets (blue) in this market. In this sample, the practice has no dermatology or GI presence in this area of Chicago but does appear to have oncology clients.

Figure 2 represents another way your practice can evaluate its current geographic market. This sample demonstrates all targets within a five-mile range of the sample practice, which is the center of the radius. Using mapping software, a practice can list all current client locations to determine their geographic penetration and primary markets. As can be determined from this sample, the hypothetical practice has no presence other than the eastern area of Chicago. By populating this map with all physicians, surgery centers, and other potential referral sites, the practice could redefine their market to explore other opportunities.

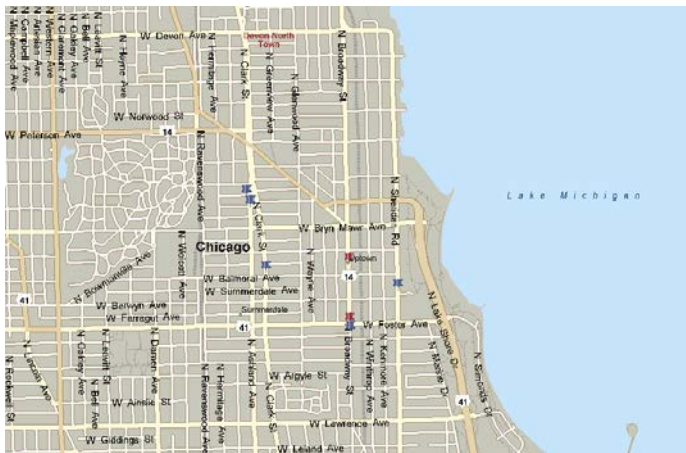


Figure 1

Using products such as Microsoft’s MapPoint (see References and Resources section of Market Assessment - Guide 1 for contact information), your practice can

create various marketing maps that could reveal strategic opportunities that may not be readily identifiable from a list or spreadsheet. These maps can be used to:

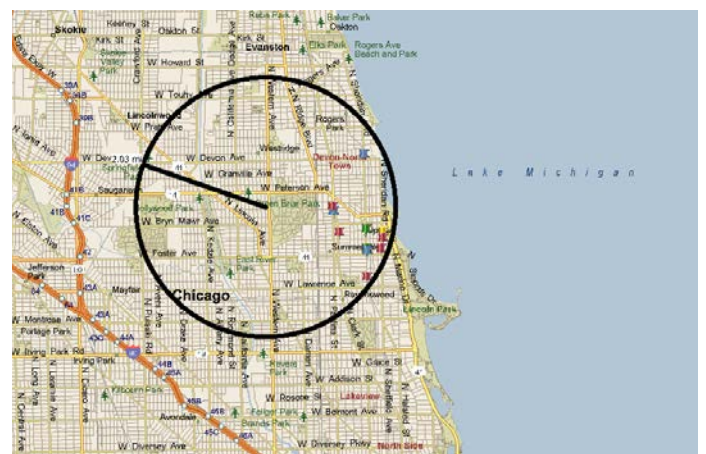


Figure 2



Ongoing process

Your practice will not want to consider market assessment as an event, but rather an ongoing process, and should create a disciplined approach to monitoring your market. With a process in place, your practice is better prepared for changes and disruptions in the health care market. Being responsive to even minor changes can provide your practice with a competitive advantage.

Data analysis

The Opportunities Workbook will help your practice in evaluating and prioritizing potential new and existing market opportunities. When analyzing the findings, consider what each data point can tell you about your potential clients and markets, and how this could impact your practice moving forward. Key takeaways from this step of the market assessment include:

- An understanding of the potential volume of business that could be generated in your defined market(s) of interest.
- A clear understanding of the potential financial impact of expanding into your defined market(s) of interest.
- Insurance providers within your defined market(s) of interest, and their potential availability as a client.

Next steps

- Create a work plan to address your practice's market vulnerabilities.
- Organize the list of opportunities to support your practice choosing which opportunities to pursue. In addition to understanding the potential opportunities, your practice will want to understand its competencies, capabilities, and capacity to pursue new opportunities.
- After prioritizing these opportunities and aligning them with your practice's objectives, you should now focus on the development of a detailed strategic plan that should include tactics to address the various opportunities that have been discovered. It is critically important that your plan be fluid enough to prevail should any element of the market substantially

change and you should use caution in developing strategies focused solely in one area.

- Meet with your practice associates and leaders to discuss the results of your assessment and your strategic plan. Gaining support and “buy-in” from them will be a key element to your success. In addition, it is important that everyone be on the “same page” regarding the practices current and future plans.

This Market Assessment Toolkit represents one way that a practice can identify and cultivate various opportunities. By enhancing its knowledge of the market dynamics, competitors, potential clients, key relationships, and payers, a practice is better positioned to pursue new opportunities and effectively compete in new and existing market areas.

This toolkit can be supplemented with other toolkits from CAP's Value-Based Business Center to help provide additional practice support and management.

