



Case Study: Strategy/Execution

Market Pressures Force Expansion of Community Hospital

A \$60-million hospital in a rural community was losing volume because local residents were traveling to distant medical centers that offered more services. To compete, the hospital needed to develop an expansion strategy—with the support of its physicians. Local doctors, however, didn't want to encourage affiliations with physicians from larger centers based on past experience and competitive concerns.

Client Challenge

The business climate was becoming more difficult, and maintaining status quo was not an option. At the same time, the CEO and his team recognized that the small community could not easily attract specialty physicians. They recommended an alternate strategy: formal affiliation with a larger facility. Their recommendation met resistance because local physicians and the board of directors did not want to lose control.

HHA Assessment

We realized that a successful partnership needed to achieve two goals. The hospital needed to join a larger system to tap into additional resources, while maintaining autonomy. To accomplish these dual objectives, the involved parties needed to assess available options and execute a plan to expand their services.

HHA Action

We started the conversation by engaging the executive team, medical staff leaders and the board of directors in reviewing available strategic alternatives. Then, we executed a two-stage solution. First, we developed and implemented a short-term strategy to improve performance. We also created and executed a longer-term strategy to find both an ideal partner and an ideal affiliation agreement.



HHA Results

We gained consensus on an affiliation strategy from all parties and successfully negotiated a full-asset merger with a medical center. The acquiring system committed to making a substantial investment in the community hospital. The local community also benefited from the creation of a \$25-million community-controlled foundation which funded projects – such as a wellness center – that were not otherwise possible.