



# Hospitals and Health Systems: How Corporate Identity Helps Solve 3 Key Strategic Issues

How this over-looked business asset can help drive customer choice, attract talent, and demonstrate value in an increasingly competitive environment

## Executive Summary

Hospitals and health systems navigate relentless and almost insurmountable amounts of change -- from the consumerization of healthcare, to talent shortages, to ever-mounting competitive pressures. While these strategic issues have been long-standing ones for most hospitals and health systems, recent industry-wide pressures have increased the urgency for healthcare organizations to solve for them. A solution for many of these strategic issues comes from an often-overlooked and under-utilized source: *The corporate identity*. When used as a means of viewing and addressing the strategic issues facing a healthcare organization, corporate identity becomes a powerful means to refocus and differentiate an organization; create loyal physicians, staff, and consumers; and strengthen the overall performance of the hospital or health system.

### **Key strategic issues facing hospitals and health systems: The urgency of now**

Every year, reputable sources share survey results proclaiming the top-of-mind themes contributing to healthcare CEOs' sleepless nights.<sup>1-3</sup> There is a remarkable consistency in at least three of those themes:

- Adapting to changing consumer expectations;
- Recruiting and retaining top talent; and
- Demonstrating value in a growing M&A environment.

While healthcare has always been an industry characterized by constant change, none can argue that recent years have seen an increased sense of uncertainty and an increased need for healthcare organizations to remain competitive and resilient. The fact that these cited strategic issues are raised annually speaks to the difficulty in solving for them and, perhaps, suggests solutions remain elusive.

An often-overlooked and under-utilized business asset every healthcare organization possesses could be a means to address these key strategic issues efficiently and effectively. This business asset, when implemented and managed well, defines and characterizes the operations of an entire healthcare organization, helps an organization manage risk, and, ultimately, helps an organization create the strategic advantages it needs to not just survive but thrive. This business asset is the healthcare organization's corporate identity and can be responsible for at least 25% of the valuation of the entire organization.<sup>4</sup>

### **Corporate Identity: The power of How**

If a healthcare organization is struggling to attract talent or consumers, blunt competitive forces, and demonstrate value in tangible, meaningful ways, would anyone suggest that a logo would solve for

these issues? Of course not. Yet corporate identity is often confused with a design system. What, then, exactly is corporate identity? Corporate identity is a multi-dimensional strategic platform through which a hospital or health system purposefully defines who it is, what it stands for, why it is different, and why that difference matters. It comprises the strategy for how an organization will achieve its vision, live its mission, operationalize its business, and create a deliberately planned, differentiating, and spectacular experiences of value for all stakeholders. Stakeholders include everyone from leadership, physicians, and staff, to partners and alliances, to consumers, and to the communities a healthcare organization serves. Simply stated, corporate identity is an organization's distinctive "how": how an organization develops and delivers its services and programs; how an organization acts; how an organization communicates; and how an organization relates to all of its stakeholders, inside and out. The "how" of a hospital or healthcare system creates the clear differentiation that not only drives choice, but also gives stakeholders a meaningful reason to transform a choice into a preference. When a hospital or health system becomes a preferred choice in its market, it is better poised to efficiently drive loyalty, increase recommendation behaviors, gain competitive advantage, and produce top-line growth.



Consider this: An audit of 110 U.S. hospitals and health systems<sup>5</sup> revealed that the primary business strategy expressed was "Caring." It was not surprising to find that healthcare providers were promising to deliver "caring" because it is a market-qualifying attribute (i.e., healthcare providers provide care for patients). Not one of these hospitals expressed *how* they cared differently from their rivals or *how* they were truly different from other hospitals. How can hospitals and health systems expect to become preferred choices if they have not clearly expressed *how* they are different? Moreover, when it comes to making the decision to seek medical help for a particular condition, consumers are placing increased weight on medical expertise, recommendations from their physicians, and the reputation of a hospital. The experience of care only becomes tangible once the consumer chooses a hospital and becomes a patient. Given this backdrop, when one considers how

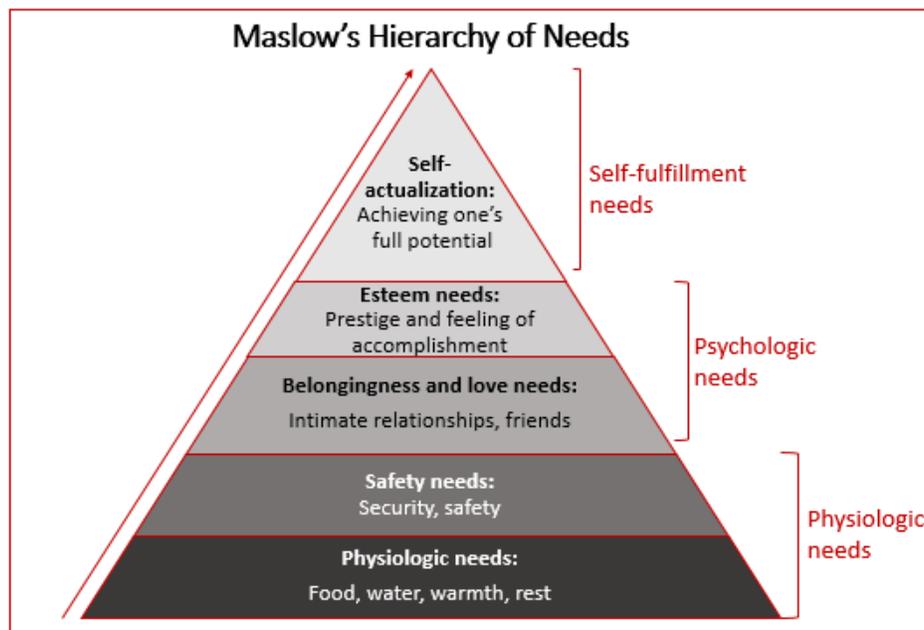
much of healthcare marketing appears focused solely on care, the problem of not having a differentiating “how” as a means to drive choice and, ultimately preference, becomes obvious.

The lack of a differentiating “how” creates strategic struggles for a healthcare organization: Struggles in meeting consumers’ expectations and evolving needs; struggles in recruiting and retaining top talent; and struggles in proving value. Fortunately, for those who use their corporate identities as actively managed business and strategic assets and not just as design systems, struggles can be transformed into opportunities.

## Adapting to changing consumer expectations

The consumerization of healthcare is rapidly evolving and expanding the competitive landscape. Consumers have more choices for their healthcare, transparent hospital ratings they can compare, and an increasing fiscal contribution to their own healthcare management, all of which contribute to the consumer becoming more discerning in where they go for medical treatment.

It is a universal truth that consumers will always desire safe, professional, and high-quality care. Applying Maslow’s theory of motivation (*see diagram*), these are basic needs. Both are foundational and are expected to be met by any hospital or health system. If a healthcare organization only talks about basic needs being met at their facility, that organization will not be sufficiently motivating to drive consumer choice and preference, nor will it be sufficiently differentiated from its competition.



Value is not just about successful outcomes, which is an assumed expectation. It is creating experiences that meet higher-order needs based on underlying subconscious motivations of consumers. Here is where corporate identity can help.

Corporate identity provides the single reason to choose a healthcare organization beyond the fundamentals of medical care. Ideally, this single reason – *the value proposition component of corporate identity* – is one that ties most closely to a higher-order need of the consumer and reflects the unique “how” of the organization. To drive choice and preference, the value proposition needs to be meaningful and truly different to the consumer, and not easily replicated by a competitor.

For example, in the automotive industry, if someone would say “safety,” Volvo would probably be top of mind. Is Volvo the safest car today? Maybe yes, maybe no. Yet that value proposition has always had differentiating staying power. A good pressure test to know if a healthcare organization has a differentiating value proposition is to “blind” its existing value proposition and see if a competitor can own the same statement. If so, the value proposition is not distinctive enough.

The differentiating value proposition is operationalized through a healthcare organization: in the services it provides, in how the organization acts, in how it communicates, and in how it relates to the consumer. The infusion of the value proposition throughout an organization, regardless of department or discipline, must be seamless and encountered at every touchpoint in the consumer’s journey. This means that having a good customer experience is insufficient; it must be good *and* different. In this way, a hospital or health system will become recognized for not just what it does, but how it does it.

Studies confirm that the differentiating “how” matters to consumers. Healthcare organizations that are well known have been shown to have a market advantage. Consumers are willing to drive farther to receive care from a well-known health system, signaling receptiveness to corporate identity over convenience.<sup>6</sup> Clarifying the differentiating value proposition of the corporate identity helps consumers to choose one organization over its rivals. When researched, developed, and implemented well, corporate identity also helps transform choice into preference.

## **Recruiting and retaining top talent**

With a shrinking talent pool and turnover rates at all-time highs, healthcare is facing a critical staffing problem. Not only do hospitals and health systems have to compete for recruiting and hiring qualified individuals, they have to find ways to keep those individuals once they are hired. Given the competition, it will not be enough to offer competitive pay and benefits to attract the most qualified physicians, surgeons, registered nurses, physician assistants, nurse practitioners, and other staff. A strong corporate identity, and its resultant positive corporate image and reputation, facilitates

recruiting top candidates for a job. This is especially important in tight labor markets like healthcare, where the best people are likely already employed and have to be lured away.

A strong corporate identity acts like a magnet for attracting talent, often at lower salaries than found at organizations with weaker corporate identities. Why is this the case? Like consumers, physicians and other healthcare professionals want to associate themselves with an organization with a strong corporate identity. One that has a vision, mission, values, and “DNA” that “speaks” to them. One where they can see themselves as a part of a “movement” they can rally behind and be truly inspired by and engaged with. And make no mistake: A strong corporate identity influences both the process of recruiting talent as much as it influences the process of inspiring physician referrals. The motivation is the same.

Recruiting and hiring staff is just the beginning. Retaining and engaging those staff is perhaps even more important, having direct impact on the clinical and financial performance of a healthcare organization. Employee engagement is directly influenced by corporate identity. More than just job satisfaction, employee engagement means that physicians and staff are working productively on behalf of a hospital’s mission to achieve that organization’s vision, and doing so in a way that reflects the organization’s unique “how.” Put another way, employee engagement is the emotional commitment employees have to an organization and its goals. They will want to “embody” the corporate identity, see their individual roles in it, and be ambassadors for it. So when employees are truly engaged, they care about the hospital, their team, and their patients and they do so in a way that reflects the uniqueness of that organization.

## **Demonstrating value in a growing M&A environment**

Since 2009, the volume of healthcare mergers and acquisitions has doubled.<sup>7</sup> Every healthcare organization, whether it is acquiring, being acquired, pursuing a potential deal, or remaining status quo is effected by the changing dynamics created by this growing M&A environment. It is not surprising that hospitals are facing increased scrutiny to prove the value of such deals and the benefits they provide.

Hospitals join forces for a variety of reasons: to reduce operational costs, to acquire capabilities, to maximize opportunities for synergy, to increase patient access to care, and to improve clinical outcomes. The merger of assets typically focuses on real estate, equipment, numbers of staff, operations, and cost reductions. Therefore, given that most M&As are justifiably viewed as business deals, it is not uncommon to hear business-like phrases such as “fiscally healthy and clinically strong,” “world-class health network,” or “largest in the state” in press releases announcing the approval of the merger. While these business attributes are undoubtedly true, they can be viewed as more beneficial to the organization than to the consumer.

To a consumer, is the value of the merger clear or is it confusing? Does it say satisfying care or does it say impersonal care? If a consumer was loyal to his or her hospital, and that hospital now has a new name or logo, does the consumer feel like he or she lost a beloved relationship or gained one that is not trusted yet? Does the largeness of the new health system make the consumer feel empowered or less so? The instability and uncertainty triggered by an M&A felt by physicians and employees are felt by patients and consumers, too.

This is why it is so important for merging healthcare organizations to focus on the value of their corporate identities as business assets early in the M&A process. Measuring the value of each corporate identity as part of due diligence is key to understanding what is being gained and what potentially is being lost as the two organizations come together under one metaphorical roof. It is not unheard of for organizations to end up inadvertently destroying the uniqueness of one or both of the merging entities during their integration when they do not take corporate identity into consideration.

Corporate identity is the companion to business strategy. The newly partnered businesses need to decide who the new organization will be, what it will stand for, and how it is truly different. Bigger does not always translate to better. Leadership needs to know why their larger organization's difference will be of value for stakeholders – internally and externally – and understand why talent and consumers will want to choose the health system. With clarity of purpose and corporate identity, the organization can be better poised to change its culture, its name, its logo, its hiring practices, and its consumer experience in a way that sets the organization up for success from Day 1.

For the hospital not involved in a merger, the presence of a new, significant rival in the marketplace forces that independent hospital to reassert itself in the changed market. The primary goal for the independent hospital in this situation is preserve market share. The hospital must ensure its loyal patients are not lured away. Ultimately, it must also provide a compelling reason why consumers should choose the hospital over its new and often larger rival. Corporate identity, if used to its ultimate advantage, will give patients both functional and emotional reasons to stay loyal, and entice consumers to choose the independent hospital first.

## Conclusion

A solution for many of the strategic issues a hospitals or health systems face today comes from one of its core business assets: *its corporate identity*. Often mistakenly understood as a design system or logo and under-appreciated for the foundational strategy it confers, corporate identity is a powerful means to refocus and differentiate an organization when used as a means of addressing the strategic issues facing a healthcare organization. The benefits to using corporate identity in this way includes having better ability to: adapt to changing customer expectations; recruit and retain top talent; and demonstrate value.

**i** SIGNAVA is a corporate identity management firm. Using proprietary diagnostic and strategic approaches, we show companies how to use their corporate identities to grow business, minimize risk, and better prepare for the future.

**To find out how to harness the value of your corporate identity, contact:**

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