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January 30, 2015

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McDonald's and Delivering Medical Group Value

Value is what's important to your customer. Not to you.

In October, McDonald's reported that their third quarter 2014 profits are down 30% from last year.

McDonald's head of U.S. operations announced the "fix" for the sales slump: "We must and will win with our food." He said that McDonald's wants to be more "culinary-inspired."

But is it actually the food that is important to a McDonald's customer?

From an economics viewpoint, value is receiving more than what is given up in exchange. That's why a customer or a client or a patient buys.

And, of course, from the seller's viewpoint, what it delivers has to be of lesser worth to it than the price received — that's the seller's value.

But there's no "chicken or the egg?" question here. No matter what the seller thinks of the value proposition offered (the food, the level of service, the packaging, etc.) there's not going to be any exchange unless the customer first perceives value from the buyer's perspective and buys.

So, what's this have to do with you?

You're selling medical services and despite the involvement of government payment programs, insurers and ACOs, you've got one or more customers and they're all looking for value.

Medical groups lose business because they focus on what's important to them before they focus on what's important to the customer, be it the hospital, the referring physician or the patient.

I see this all the time.

A group's exclusive contract relationship with some hospital is in trouble, but it claims that it delivers the world's best medical care. The problem is that in the context of the contract, the customer is the hospital, not the patient. So while the quality of the care is important, so too are many other aspects, from stipend support, to referring physician satisfaction, to, well, the list goes on and on.

That's why at McDonald's the food is only a part, and I'd say a very small part, of the customer's value equation. Speed of delivery, price, cleanliness, and friendliness of the employees are all very important pieces of the puzzle.

After all, if what I want is really good hamburger, I go someplace else.

McDonald's isn't selling hamburgers, it's selling their version of a hamburger and their other offerings wrapped in a larger experience. If that value proposition is attractive to me ... I have to get off the freeway, eat something fast and get back on my way...then I'm a customer. That has little to do with the food.

You can swear all day long that your medical group is now the equivalent of "culinary-focused," that is, quality focused, but if the value to your customer lies somewhere else, your meat will just be getting cold as the hospital or referring physician or patient goes somewhere else for what's important to them.

Directions: Clarity For Medical Group Leaders



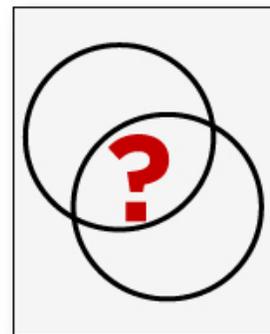
COMPLIMENTARY BOOK DOWNLOAD

The healthcare market is changing rapidly, bringing new sets of problems.

How can you find a solution, how can you engage in the right development of strategy, and how can you to plan your, or your group's, future without tools to help clarify your thinking?

Directions is a collection of thoughts as thinking tools, each intended to instruct, inform, and even more so, cause you to give pause to instruct and inform yourself.

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Recent Interviews and Published Articles

Mark's article **McDonald's and Delivering Anesthesia Group Value** was published on [AnesthesiaNews.com](#)

on December 30, 2014. Read or download [here](#).

Mark was quoted in the article **Top 5 financial challenges facing physicians in 2015**, published in the December 2014 issue of Medical Economics. Read or download [here](#).

Mark was quoted in the article **Top 15 challenges facing physicians in 2015**, published in the December 2014 issue of Medical Economics. Read or download [here](#).

Mark's article **Bundled Billing or Bungled Billing?** was published in the October 2014 issue of Pain Medicine News. Read or download [here](#).

Mark's article **What's Your Anesthesia Group Worth? And Why It Might Not Make Any Difference** was published in the Summer 2014 issue of Communique. Read or download [here](#).

Upcoming Presentations

Date: April 17, 2015

Time: 2:00 PM

Topic: From the Company Model to Joint Ventures to Just Sending Statements: Anesthesia Business and Deal Structure Compliance Traps
Location: [The Advanced Institute for Anesthesia Practice Management 2015](#), Las Vegas, Nevada

Date: April 17, 2015

Time: 3:20 PM

Topic: Is Your Anesthesia Group a Business or Club?
Location: [The Advanced Institute for Anesthesia Practice Management 2015](#), Las Vegas, Nevada

Wisdom. Applied. 73 - Creating Transformational Contracts

Top level hospital-based groups cannot merely be concerned about maintaining a relationship; they must be concerned about delivering a transformational experience to their relationship partner.



All Things Personal

The Ritz-Carlton used to be known for providing the utmost in personal service.

Arriving at one of their hotels last week, I was "un-greeted" by the parking attendant with the one-syllable welcome of "name?"

Underneath it all, the Ritz, now being completely owned by Marriott, is a Marriott.

There are two lessons here for medical groups.

First, who greets your patients and how they are greeted frames their experience. The same with who says goodbye to them when they leave. We've all experienced standing at that little window in the doctor's office lobby on our way in or out, trying to get someone to make eye contact or even to open that inane sliding window.

Second, what will happen to customer service when a practice is acquired by a larger one or by a hospital? Will it be the merger of a higher level brand into a lower level one, such that efficiency is worshipped while efficacy goes by the wayside?

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