

# Value Proposition and Anesthesiology

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## KEYWORDS

- Value proposition • HCAHPS • Value-based purchasing
- Perioperative surgical home • Anesthesia management companies
- Patient satisfaction

## KEY POINTS

- The rapidly evolving anesthesia landscape will place greater pressures than ever on anesthesia practices to deliver high quality care at the lowest possible cost.
- Anesthesia groups must deliver value to their organization by being good corporate citizens and providing value by service, availability, and customer satisfaction.
- It is vital that anesthesia practices institute the Perioperative Surgical Home (PSH), or a portion thereof, to improve value, and provide better results at a lower cost.
- It is important for each practice to develop a strategic plan by using an SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis to better know how their group stacks up in a hypercompetitive environment.
- There has been a cataclysmic shift in the anesthesia market with large anesthesia management companies comprising some 20% of the anesthesia market and it is important to understand the reasons this has occurred.

## WHY DOES AN ANESTHESIA GROUP NEED A VALUE PROPOSITION?

We live in the ever-changing and economically adverse world of Request for Proposal for Anesthesia Services (RFPs), decreasing stipends, and increasing demands. Clinical excellence is expected, and it is a given that your anesthesia group meets or exceeds all quality benchmarks. A group needs to go beyond just delivering quality clinical services. It must additionally serve as good corporate citizens, providing value

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in a myriad of ways, such as service, availability, customer (patients, surgeons, administrators) satisfaction, and so forth. We do that, so why doesn't the hospital chief executive officer (CEO) know that? Because we are terrible at effectively communicating our enormous value and many contributions as compared with our cost. That is the Value Proposition.

## THE VALUE PROPOSITION

Very likely you have seen the equation in [Fig. 1](#) over and over again, as medicine moves to "value-based care." It is one of the concepts to help you develop your strategy to compete within your market. We will use several business concepts to create a strong value proposition for your practice.

The term "value proposition" was originally coined in 1988 in a staff paper written by the consulting firm McKinsey.<sup>1</sup> It defined a value proposition as "a clear, simple statement of the benefits, both tangible and intangible, that the company will provide, along with the approximate price it will charge each customer segment for those benefits."

That is the official version. The down and dirty version is when you are constructing your value proposition, you need to think like your customer: WIIFM or "what's in it for me?" Why on earth should I hire *this* anesthesia group? What motivates me to specifically use you ([Fig. 2](#))?

Always remember you are in a competitive market, and do not think for a minute that legal remedies will protect you from being replaced (exclusive contracts). At all times, your group must offer superior perceived benefits at a perceived reasonable cost. A start is with an analysis of your group.

## UNDERSTAND YOUR BUSINESS

Developing a successful value proposition comes from understanding your group and market environment. What are your strengths and weaknesses (internal to the group) and what are your threats and opportunities (external to the group)? What resources and capabilities can the group use to develop a competitive advantage? This is what an SWOT analysis is all about ([Fig. 3](#)): looking at your group's strengths, weaknesses, opportunities, and threats.

[Box 1](#) provides some examples.

### *Strengths*

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Value is more than just giving anesthesia. How are you viewed by the surgeons and the hospital? How do you *want* to be viewed? What do you offer as a perceived benefit?

### *Weaknesses*

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Be honest with yourself here. The most common reason an RFP is issued is because anesthesia groups cannot control or discipline the bad actors and disruptive physicians within their group.

$$\text{VALUE} = \frac{\text{Quality}}{\text{\$ COST}} = \frac{\text{Patient Outcomes}}{\text{Costs required to produce those outcomes}}$$

**Fig. 1.** The value proposition.

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