

THE MANAGER

CASE STUDY FOR TRAINING AND GROUP DISCUSSION

“Community Health” Takes Initial Steps to Develop a Business Plan

Scenario

ACHIEVING SUSTAINABILITY is a goal for “Community Health,” a nongovernmental organization providing health and family planning services in a rural region of the country. In the past, Community Health has received funding primarily from international donors. While charging fees for certain services and products was once a strategy to recover costs, this is no longer enough. Funds derived from charging fees, along with inputs from the Ministry and donors, are inadequate to cover the neediest sectors of the population; too many people are simply falling through the cracks in the health system.

Community Health has thus shifted its thinking. Instead of simply charging fees to deliver its current products and services and depending on its traditional funding sources, it plans to deliver new products and services that are responsive to its client needs and that may attract funding from nontraditional sources.

Community Health has gone through a strategic planning process that highlighted the need to reduce its financial risk by diversifying its funding base. The organization subsequently initiated an effort to draft a business plan, led by the program director, the youth specialist, and a nurse midwife. Today the business plan development team is meeting with Community Health’s executive director and the financial manager.

“Remind me why we are meeting today?” said the executive director as the team members and financial manager joined him in his office.

“We are here today to give you an update on our draft business plan,” said the program director patiently. “We will present two possible new products and services for adolescents and select one to focus on in our plan.”

“I thought that this meeting was about new donors and getting more money,” broke in the financial manager.

“We anticipate that new products and services for adolescents will attract new funding,” said the program director. “Remember at our strategic mapping workshop two months ago when we agreed that we want to better serve adolescents? Increasing their use of our services could help us fulfill our mission and attract new funding at the same time.”

“Tell me again why the focus on adolescents?” asked executive director, gazing out the window.

“In 2002, 15% of the people living in our service area were between the ages of 13 and 18, and the fertility rate was 78 births for every 1,000 young women between the ages of 15 and 19. This is 65% of the total birthrate,” explained the youth specialist.

“Wait a minute,” said the executive director. “You mean to say that 15% of the people—the youth—are giving birth to 65% of the babies?”

“That’s right. Yet only 5% of our service interventions are targeted at this 15%. In other words, we have not been reaching an important segment of the population in our area,” answered the program director, looking intently at the executive director. “International agencies and national foundations want to see the usage of health

clinics increase. Our strategic mapping exercise and scan of current products and services informed us that our greatest potential for increasing impact is to increase the use of services by youth. By developing a business plan for a new product or service for adolescents, I believe we will be able to attract new funding.”

“This sounds promising,” said the executive director, nodding in pleasure and now fully engaged. “So what ideas do you have so far?”

The youth specialist spoke up. “Our team started by looking at the problems. What keeps youth away? Many young people have said they don’t come to us because they are afraid that their friends and relatives will see them entering the clinic. We suggest creating a special door and waiting room for youth at the back of the clinic.”

“Another problem is that adolescents think they are the only ones who have sex without being married to their partner,” she continued. “They feel misunderstood by adults. We suggest addressing this problem by training peer volunteers to work in the dance clubs around town.”

“Yes, these new products and services might work!” said the financial manager, surprising everyone. “Where are youth going for information and services now?”

“That’s the problem!” said the youth specialist, warming to her subject, “Many of them don’t go anywhere! They talk mostly to one another. This population is unreached in our area.”

“Assuming the new entrance or peer outreach efforts are successful and adolescents start to come for services,” continued the financial manager, “can our current staff handle an increase in clients? Would we need to hire new staff or provide our current staff with special training?”

“Adolescents might prefer to access our services during the afternoon, after school or work, when our staff is less busy,” said the nurse midwife. “We might not need to hire new clinical staff. We will all need communication training to work well with this group, however. We should plan to include this type of expense in our business plan.”

“What are the long-term costs and risks of a peer education program?” asked the financial manager with

concern. “We would have to recruit and train the volunteers and support their work. Can we maintain that type of effort over time? If not, we run the risk of losing the trust of young people forever.”

“You have raised an important point,” said the youth specialist. “For ease of market entry, the door and waiting room are better. The capital expense of this option is greater, but the ongoing expense and risk would be lower. I suggest that we commit to the new entrance and waiting room and see if this stimulates an increase in adolescent use of our services. We can consider establishing a peer education program at a later point.”

The program director noticed the executive director looking at his watch. “I know you are very busy today. It sounds as though we have your blessing to carry out market research and develop a marketing approach for the new adolescent entrance and waiting room.” He looked at the executive director expectantly.

The room was silent while the team members waited to hear his response. “I don’t know why we never thought about creating this door and waiting room for adolescents before!” said the executive director, standing up to signal that the meeting was over. “Let’s get that market research done right away. We don’t want to assume that young people will like our idea, even though we do. Market research may also bring out the need for other services and approaches. Do you think you could present your findings in three weeks?”

Discussion Questions

1. What has Community Health done so far to begin to develop a business plan?
2. What concerns were raised about the new products and services suggested? What other questions might need to be asked to analyze the new products and services in order to make an informed decision?
3. What aspects of the products and services brainstormed in the meeting make them breakthrough ideas in this context?

QUESTION 1 What has Community Health done so far to develop a business plan?

Community Health has implemented a number of actions to develop a business plan. Some of these actions are more obviously brought out in the scenario. Others are implied.

It appears that during this process, staff in Community Health have so far:

- conducted research on the health and demographic status of the population in their area;
- scanned the organization's current products and services;
- undertaken a strategic mapping exercise, comparing the health needs of client groups served and potential client groups with the organization's range of products and services. they identified adolescents as a group that they wanted to better serve;
- formed a business plan development team;
- identified problems that keep adolescents from using services;
- used these findings to generate ideas for new products and services, which community health has the talent and capacity to develop and deliver;
- completed a competitive position analysis to identify who else might be currently providing health and family planning services to adolescents;
- involved stakeholders, in this case the executive director and the financial manager;
- secured agreement on the work done to date and support for taking the next step.

QUESTION 2 What concerns were raised about the new products and services suggested? What other questions might need to be asked to analyze the new products and services in order to make an informed decision?

The concerns that were raised include:

- Will the current staff be able to handle an increase in clients? Will new staff have to be hired?
- Will staff need special training to work with adolescents?
- Where are youth going for services now?
- What are the long-term costs and risks of a peer education program?
- Can the organization maintain a peer education outreach effort over time?

Other questions that might help the group to assess the viability of the products or services presented and make an informed decision include:

Client demand

- What will be the client demand for these new products or services?
- Can Community Health charge for any of these products or services?

Ease of market entry

- What resources will be required to initiate and maintain these products or services?
- Will young people find it easy to equate Community Health with programs for youth?

Cost of failure

- What barriers, if any, exist to implementing these products and services?

- Will some people in the community feel antagonistic about these new products and services for adolescents?
- Are there any government regulations that might prevent delivery of these products or services?

Threat of competition

- What is the competitive position of the new products and services suggested?
- What if another organization in the area decides to offer these types of services in future? Would this have an impact on Community Health's services?

QUESTION 3 What aspects of the products and services brainstormed in the meeting make them breakthrough ideas in this context?

Adolescent health and family planning products and services can be considered breakthrough ideas because they:

- Address identified problems and are geared specifically to client needs. For example, young people are afraid to have friends and relatives see them entering the clinic. A separate entrance for them might address this concern.

Adolescents feel misunderstood by adults. Thus, a peer education program could be successful because youth would be reaching youth.

- Fill a gap—substitutes are not currently available. Youth do not currently have access to services elsewhere. Thus, competition is low.
- Are related to existing products or services. Presumably Community Health is already offering the types of services that adolescents need, such as family planning, testing and treatment for sexually transmitted infections, and information, education, and communication services related to reproductive health.
- Will reach a market that is substantial and growing. In 2002, 15% of the people living in the Community Health service area were between the ages of 13 and 18, and the fertility rate was 78 births for every 1,000 women between the ages of 15 and 19. The adolescent population in this service area is likely to continue to grow both in absolute size and in percentage of total population.
- Fit within Community Health's capacity to deliver. Community Health already has the clinical expertise, and perhaps adequate staffing levels, to deliver products and services that would meet the reproductive health needs of youth.

The new products and services would increase ease of access, demand, and utilization of current services. Staff could enhance their skills by taking training to communicate better with youth.

THE MANAGER

MSH Publications
 Management Sciences for Health
 165 Allandale Road
 Boston, Massachusetts 02130-3400
 USA

Phone: 617.524.7799
 Fax: 617.524.2825
 E-mail: bookstore@msh.org
 Web site: www.msh.org

printed on recycled paper