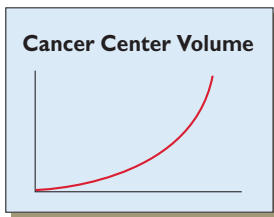


## PRACTICE #9: MARKET OPPORTUNITY MATRIX

### ***Translating Tumor Site Data into Program Priorities***

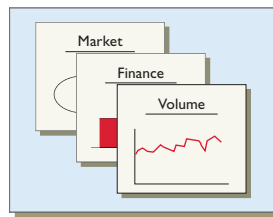
This practice focuses on identifying strategic opportunities by tumor site, an approach adopted by oncology administrators at Prius Hospital<sup>1</sup> when they were given a mandate by the CEO to aggressively grow program volumes. As illustrated below, administrators began by collecting a wide range of tumor site-specific data. They then used the data to develop a matrix that would identify specific opportunities.

### Process in Brief at Prius Hospital



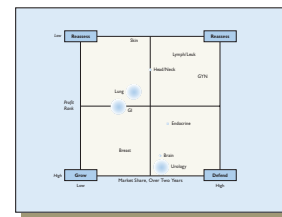
#### **Growth Mandate Established**

- Hospital CEO announces sizeable growth target for oncology program
- Oncology leadership chooses to formulate growth strategies by tumor site, given heavy competition



#### **Site-Specific Data Collected**

- Cancer center staff query hospital information system for tumor site-specific data
- Financial, volume, market trend data collated



#### **Market Opportunity Matrix Created**

- Tumor sites graphed by profitability and growth forecast, allowing comparison of prospective market opportunities
- Individualized strategies developed for each tumor site based on matrix

<sup>1</sup> Pseudonym.

## Uncovering Site-Specific Market Positions

Presented on this page are the raw data used by Sedan<sup>1</sup> administrators to evaluate tumor site-specific growth opportunities. For each tumor site, financial, volume, and market data were collected and collated to allow for comparison of the various tumor sites. For market share, administrators employed the “Incidence-Based” Calculator, described in detail earlier in this report, while for market size, administrators used the number of new cancer cases in the metropolitan statistical area.

### Targeted Data Analysis

Tumor Site	Financial Trends <sup>2</sup>		Volume Trends			Market Position	
	Profit Rank	Profit Trend	Inpatient	Outpatient	Overall	Market Share <sup>3</sup>	Market Size <sup>4</sup>
Urology	1	↑	↑	↑	↑	27.5%	19.9%
Brain	2	↑	↓	↑	Shift to OP	27.3%	1.6%
Breast	3	↑	↓	↓	↓	22%	16.7%
Endocrine	4	↑	↓	↑	Shift to OP	28.3%	4.1%
GI	5	↑	↑	↑	↑	14.5%	21%
Lung	6	↑	↓	↑	Shift to OP	21.1%	15.7%
GYN	7	↑	↑	↑	↑	41.1%	7.4%
Head & Neck	8	↑	↑	↑	↑	25%	3%
Lymph/Leuk	9	↑	↑	↑	↑	25.6%	7.8%
Skin	10	↓	↓	↑	↓	18.4%	2.9%

<sup>1</sup> Pseudonym.

Source: Oncology Roundtable interviews.

<sup>2</sup> Financial trends based on cost per discharge, operating margin, ALOS.

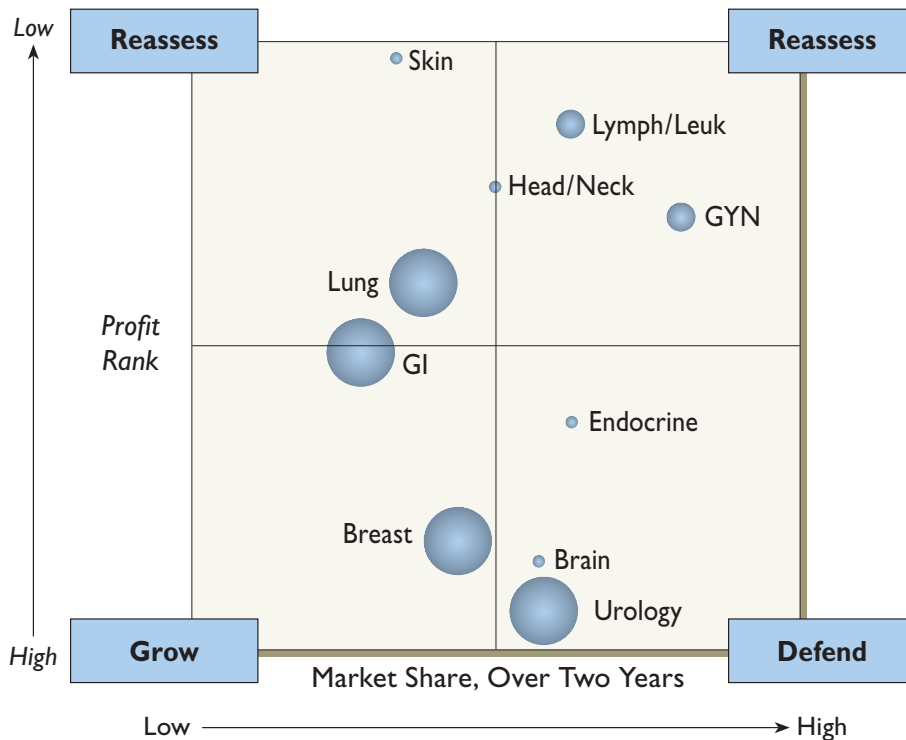
<sup>3</sup> Market share = # Patients in Hospital Tumor Registry / [NCI SEER Incidence × Population]

<sup>4</sup> Based on new cancer cases in metropolitan statistical area.

### Formulating Market Strategy by Tumor Site

The raw data was then translated into the matrix shown below, which compares tumor sites on their profit rank and market share. Based on its characteristics, each quadrant of the matrix was assigned a specific strategy, which applies to the tumor sites found therein. For example, the bottom left quadrant’s combination of high profit rank and low market share makes breast cancer a good target for growth. By contrast, low-profit tumor sites, shown in the upper quadrants, may require reconfiguration to minimize losses. In the lower right quadrant are several profitable tumor sites—endocrine, brain, and urology—for which Sedan plans to aggressively defend its strong position in the market.

Market Opportunity Matrix



#### Tumor Site Strategy Assessment

Grow	Defend	Reassess
↑ Breast	↔ Urology	↓ Lung
↑ GI	↔ Endocrine	↓ GYN
	↔ Brain	↓ Head/Neck
		↓ Lymph/Leuk
		↓ Skin

Note: Size of bubble represents market size of tumor site.

Source: Oncology Roundtable interviews and analysis.

## Prioritizing Among Tumor Sites a First Step







While the market opportunity matrix is useful for prioritizing among tumor sites and selecting general strategies, it stops short of helping administrators develop specific growth initiatives for each tumor site. The case study presented below, however, provides guidance with this issue. Administrators at Mitsubishi Hospital<sup>1</sup> selected six tumor sites for targeted growth, all for different reasons. Breast cancer, for example, was chosen for its high growth potential, while prostate cancer was targeted because of its low market share.

### Six Tumor Sites Targeted for Growth



#### Mitsubishi Hospital Oncology Strategy Team

- Cancer center prioritizes six tumor sites for growth based on specific criteria
- Criteria include volume, financial, incidence data

Tumor Site	Rationale
 Breast	High growth potential
 Prostate	Low market share
 Lung	Highly profitable, Low market share
 GYN	High growth potential
 Colorectal	High growth potential, Low market share
 Brain	Highly profitable

### KEY QUESTIONS

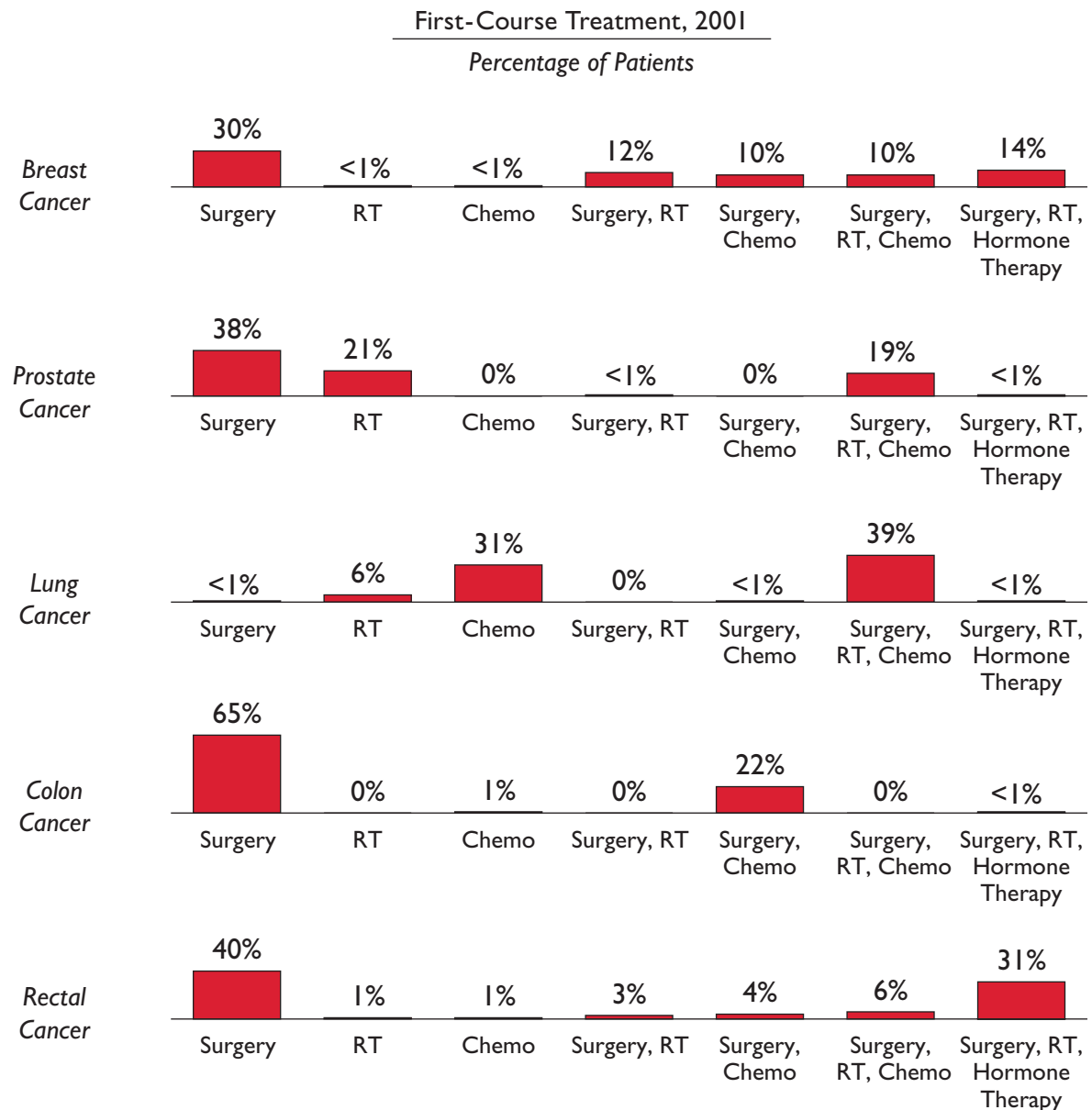
- How can specific tumor sites differentiate program in market?
- What are the competitive advantages within each tumor site?
- What are the competitive vulnerabilities within each tumor site?
- How can identified opportunities be translated into specific strategic initiatives?

<sup>1</sup> Pseudonym.

## Varying Treatment Regimens Complicate Strategic Planning

Administrators at Mitsubishi quickly learned that assigning similar growth initiatives to all tumor sites would be a mistake. As data from the American College of Surgeons' National Cancer Data Base illustrates, first-order treatments vary considerably by tumor site. For example, there is a significant difference in the number of patients with colon cancer and with lung cancer who receive surgery as a first course of treatment. Program leaders would therefore need to develop different strategies to address the two tumor sites.

### Boilerplate Planning Impossible



Source: American College of Surgeons, "National Cancer Database Benchmark Reports," available at: <https://web.facs.org/ncdbbmr/ncdbbenchmarks.cfm>, accessed on April 15, 2004.