

Health care organizations today need to factor **scalability** attributes into their business model(s) to stay abreast of a rapidly changing competitive environment, or risk being left behind. For a business to be scalable, it must focus on improving the profitability and efficiency of services even when its workload increases. However, establishing this capability does not occur in a vacuum and involves a complex set of considerations and analysis.

One critical characteristic of scalability relates to having sufficient flexibility to grow while considering expected impacts from external pressures. Within today's health care business realm, these external pressures include:

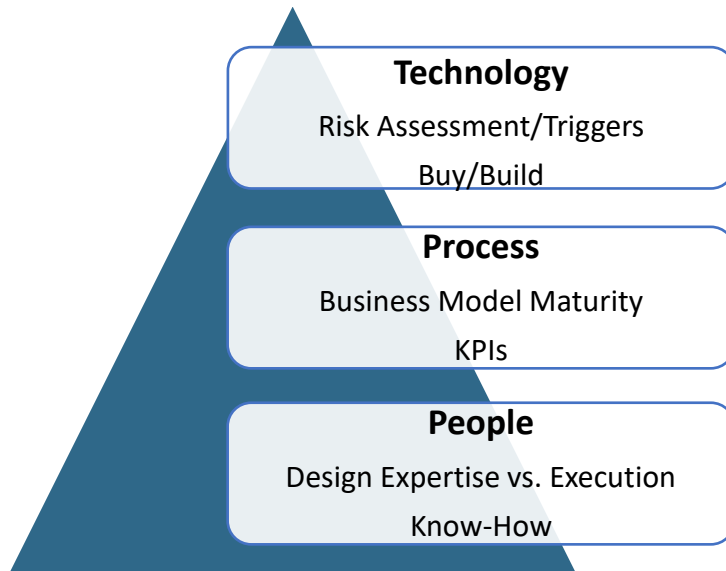
- Ever changing regulatory environment
- A rise in healthcare consumerism, driving a shift toward value-based, outcome driven models (requiring focused attention to capabilities such as improving turn-around times, and transparency)
- Technology and “big data” – transforming how care is delivered and financed
- Sustained innovation - continually adapting to rapidly changing customer needs and preferences

Although establishing a strong customer value proposition can enable companies to “get by”, in our view, many of today's most successful businesses are those that are nurturing sustainability through an ongoing, disciplined practice – building a framework for identifying potential levers for business model scalability, along with a road map to assist in organizational decision making.

For the many startup companies in the health care space that have seized opportunities to fill in gaps for “niche services” that larger and more mature businesses are not nimble enough to take advantage of, there is the challenge of knowing when and how to pivot and begin to make investments enabling sustained growth. When is the right time to shore up and harden capabilities in support of garnering broader market penetration? What are the best options for accelerating positive returns on investments made?

The WELL has created a signature approach that we have successfully applied - working with several of our clients (many of whom are “start-ups”, while others established businesses in the throes of transforming their business) to assist with creating a scalability evaluation roadmap.

We have found that the logical first step entails determination of what type of growth is required – will growth come from innovation (“new and different”) or same store market expansion (“bigger and better”)? Once best fit growth opportunity is determined, next step is leveraging that insight to identify the top “change agents” for scaling within the business domains of **People, Process, and Technology**.



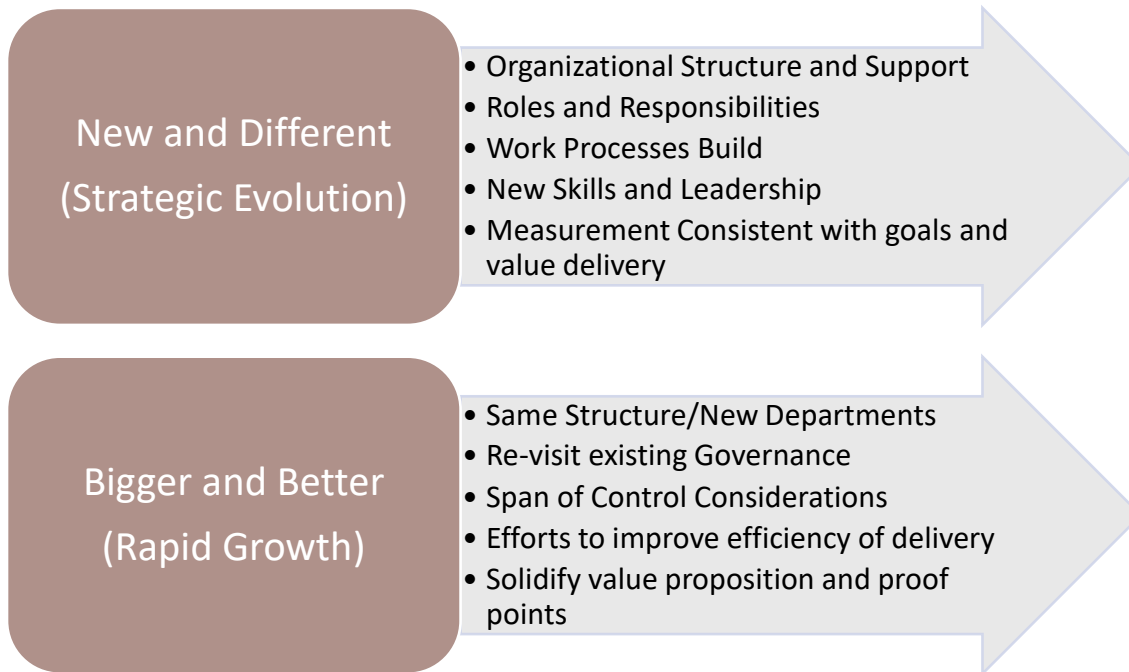
So, what are the leading considerations for scaling enablement when pursuing “new and different” versus “bigger and better”?

This article is PART ONE of a three-part series. Part one will focus on identifying top change agents for scalability in terms of **People** (resources), while parts two and three will focus on **Process** and **Technology**, respectively.

Where to Start - Scalability Considerations for Strategic Evolution

To effectively diagnose the **most impactful change agents for scalability**, it is important to take stock of some fundamental differences in approach relative to creating something “new and different” (a new or evolving business model design) versus simply “bigger and better” (increase volume with existing business model). Recognizing and understanding this nuance greatly impacts the scope and approach to address scalability.

“New and different” entails something more akin to overall strategic evolution of the business, and thus the associated scalability considerations are not the same as those in play when simply looking to support rapid growth of an existing business.



Scaling Enablement: People as top change agents

When an organization finds themselves in the middle of needing to change their business model on the fly while growing a client base, the amount of process and infrastructure re-work required can be overwhelming. Success is not just about landing new business but doing it differently.

It is not uncommon for startups and/or companies breaking into a new business model or market to assume that the initial structure (startup) or foundational business practices (pre-existing) can serve as the basis for new business growth, regardless of where and how that growth is anticipated.

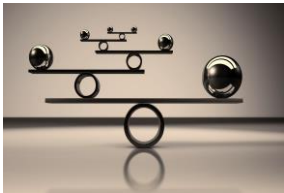
In our experience, many organizations think that scaling the business is always associated with infrastructure - adding capacity and resources. However, once the need to accommodate growth beyond initial market footprint takes hold, it quickly becomes evident that “business as usual” may need to be re-imagined and engineered to support desired evolution successfully. The best (most viable) opportunities for growth may be related to a whole new approach versus simply expanding market share, and that requires a different set of considerations beyond simply adding to existing capacity.

When the growth strategy entails creating something “new and different”, it is not all about technology and infrastructure – and knowing how to appropriately diagnose what is required frequently translates into a need for new talent. Executing a new business model will require both new expertise and different leadership – a team that has experience specific to new business model processes and management. While this may seem obvious, it is frequently overlooked.

Second, as the business grows, it is often the case that people who are good at initial new design (innovators) are not equally good at managing or executing post launch. The challenge is not just

recognizing these realities, but also being able to anticipate and identify when it is time to bring in new expertise and establish a revised organizational framework that can support both initial market entry AND evolve to enable a “bigger and better” delivery model when that time comes.

In the end, it is leadership and talent (expertise and know how) that drive successful evolution along with a sustainable business (structure). Having a decision-making framework in place for evaluating options and opportunities for growth (and identification of potential levers for business model scalability accordingly) enables recognition of where in the business life cycle your capabilities reside. This should translate into being able to effectively develop and align the required leadership (PEOPLE) to pave the way.



What are the considerations associated with determining the need, and requirements for new leadership and team members?

We have already discussed the importance of recognizing the need for new leadership with specific expertise and ability to dedicate one hundred percent of their knowledge and effort to defining and executing on what is required to support new growth. We have further suggested starting to lay out a scalability roadmap by first stratifying according to growth strategy (“new and different” versus “bigger and better”).

However, as you consider PEOPLE requirements, it will also be important to account for other organization-specific factors along with the current industry (market) environment. It is the cross section of all these elements that will determine how to proceed.

Additional elements for consideration when sourcing talent to drive new growth and related scalability include the following:

- **Taking stock of the range of industry specific skills already resident with the current leadership team, and where there are gaps.**
 - What additional capabilities and knowledge will new growth require?
 - Answering that question depends on whether (and to what extent) current business model will need to change or evolve, and how quickly that adaptation needs to occur, given the competitive and/or regulatory environment.
- **Being aware of how organization cultural considerations will likely impact acceptance and ability to shift.**
 - Leader with team building skills and track record helping organizations adapt to change might be in order.
- **For some organizations, how they will fund new growth and scalability will be an important determinate for type of new leadership best suited.**
 - Is there a formal process for securing capital to support new initiatives that requires a lot of analysis and “proof of concept” prior to proceeding?

- Has organization been comfortable with the idea of introducing new growth scenarios with minimally viable product (MVP) as initial market entry?
- **If you are just growing the business, but funding will not get in front of revenue, you may need a leader that is not just an operational person, but more entrepreneurial.**
 - Building “bigger and better” can sometimes just be about keeping the trains on time, but when that growth is also associated with “new and different”, the underlying infrastructure may not be mature enough to support “go to market” readiness.
 - This often requires a leader with more of an entrepreneurial spirit – someone well versed in building the tracks while the train has already left the station. Someone who is comfortable running the business while putting in place the necessary elements to prepare for “bigger and better”.

Conclusion

Having the right leadership and execution team in place will allow for a more realistic assessment of where the scalability focus needs to be. An experienced leader will be able to provide direction and insights to assess what can be done with existing processes “now”, as other critical areas are being re-engineered.

Leadership that aligns with the skills, culture, and company infrastructure investment strategy will be better equipped to help sort out re-design priorities. This will include helping the execution teamwork through what is easy and small, versus more difficult and bigger to change, and what is the right timing to make investments.