

PART TWO

**Marketing
Communications**

Missed Opportunities

SNAPSHOT

Institutions:

Briarwood Medical Center, a 550-bed, not-for-profit institution offering general medical and surgical services

Crestview Hospital, a 475-bed, for-profit establishment providing general medical and surgical services

Location:

Oakland (population 204,086), located in the East South Central region of the United States

Characters:

Mr. Michael Anderson, Chief Executive Officer

Ms. Susan Daniels, Chief Marketing Officer

Ms. Pamela Goldman, Board President

Mr. Frank Miller, Chief Executive Officer (retired)

(all of Briarwood Medical Center)

Mr. Steve Williams, Sales Representative, Southeastern Outdoor

Context:

In this case, the top marketing officer of a medical center attempts to secure two billboards occupying a prized location, but her request is rejected by the institution's chief executive officer, leading to a rather precarious situation.

Susan Daniels, Chief Marketing Officer at Briarwood Medical Center, has been on a roller coaster ride that unfortunately ended on a low point. This all started 1 month ago when she received a telephone call from Steve Williams, a sales representative from Southeastern Outdoor. Much to Susan's surprise, Steve communicated that both facings of a billboard located adjacent to Briarwood Medical Center would be available at the end of the month. The two panels had long been leased by State Street Paints, a family-owned company that recently communicated that it was going out of business after 35 years of service. For the first time in years, the panels were available, presenting an excellent marketing communications opportunity for Briarwood Medical Center because the billboard panels, situated on the main traffic corridor running by the establishment, were located in such proximity that they appeared to be placed on medical center property.

Steve knew that Susan had been very interested in securing the panels for Briarwood Medical Center and he also knew that the ideal location of the panels made the establishment an obvious lessee. On learning of the availabilities, Susan found it difficult to contain her enthusiasm. She was very much aware that the panels offered countless opportunities to market the medical center and believed that they would be excellent investments. This was especially the case as Briarwood Medical Center was entangled in a seemingly endless battle for market share against a skilled competitor, making every opportunity to win patients crucial.

Briarwood Medical Center, a 550-bed, not-for-profit healthcare establishment, is based in Oakland, a city of 204,086 residents located in the East South Central region of the United States. It competes against an aggressive for-profit competitor, Crestview Hospital, a 475-bed facility providing roughly parallel services in the same market. Briarwood is the more historic of the two institutions, having been founded 75 years ago, and traditionally enjoyed decades of market leadership as a result of being the best practices provider in Oakland, outpacing competitors on every level. However, Briarwood Medical Center's market position began to change 20 years ago with the introduction of Crestview Hospital into the market. For the first time in its history, Briarwood Medical Center faced a competitor that challenged each and every competitive advantage possessed by the institution, a feat made even more difficult given Crestview Hospital's close proximity, located just 2 miles away from Briarwood on the same roadway, State Street.

Briarwood Medical Center initially struggled in this new environment, slowly losing market share for a decade. Poor results led Briarwood's governing board to appoint a new management team, of which Susan was a member, and the fortunes of the institution began to change thereafter. Briarwood eventually recaptured much of its lost market share, giving it a small edge over Crestview Hospital in the market leadership battle. Much of Briarwood Medical Center's success has been credited to Susan as she was the architect of the establishment's marketing initiatives, which helped restore competitiveness and prosperity.

An aggressive marketer, Susan intended to acquire the soon-to-be-available billboard panels, but one problem stood in her way—Briarwood's new Chief Executive Officer, Michael Anderson. Michael was hired 6 months ago, replacing the retiring Frank Miller, a member of Briarwood's turnaround team who was appointed along with Susan 10 years ago. In recent meetings, Susan has come to realize that Michael does not respect the discipline of marketing, especially its advertising component, viewing patient traffic simply to be the result of physician referrals or insurance coverage mandates.

Susan knew better and she had data to support her position. While physician referrals and insurance coverage do influence patient traffic, so do marketing communications, among many other things. Her research indicated that many patients have the opportunity to select most any healthcare provider in Oakland, as most insurance plans offered in the community permit at least some degree of choice. And most physicians in the area have privileges at multiple hospitals in the community. Given this, patients have a choice as to where they receive medical services, something that, at least in part, is influenced by marketing communications.

In fact, Susan's recent patient satisfaction survey indicated that 42% of new patients were at least somewhat influenced to visit Briarwood Medical Center as a result of its advertisements. She, too, was very aware of those patients who do not have a relationship with any medical provider, knowing that these patients often look to advertising, among other things, as they go about making their patronage decisions. And this did not even begin to address the value of marketing communications in influencing patronage in the area of elective services. Despite Susan's evidence and rationale, Michael remained unconvinced, viewing advertising to be a cost rather than an investment.

Given this history, Susan knew that convincing Michael to support the purchase of the billboards would be very difficult but, undeterred, she scheduled a meeting with him to discuss the billboard lease. Because her advertising budget was already committed to other initiatives, she did not have the funds necessary to secure the panels and therefore needed access to additional resources. Each of the two panels costs \$2500 per month for a total lease fee of \$30,000 over the 6-month contract period—the minimum term available. In the meeting, Susan made a compelling case for leasing the billboard panels, but Michael emphatically rejected her request and noted that he believed Briarwood was already spending too much money on advertising.

After the meeting, Susan began to ponder the fate of Briarwood Medical Center under a leader who ignored factual information and failed to acknowledge that marketing efforts largely were responsible for Briarwood's turnaround 10 years ago. Susan knew that many board members were heavily supportive of marketing initiatives, having witnessed associated results over the years, but she felt as though she could not break the chain of command to ask for their assistance. Given Michael's resistance, Susan believed that she had no other choice than to forfeit the billboard opportunity.

A few weeks pass and, with a new month beginning, Susan set out to work on a bright Monday morning. As she drove down State Street, about to turn into Briarwood's employee parking lot, her eyes glanced up at the north facing of the billboard she had been so desirous of securing. Her heart nearly stopped. Listed in bold letters and bright colors right before her eyes was the billboard of Crestview Hospital. Briarwood's arch rival had secured not just one facing, but both facings, situated in perfect view of patients entering and leaving Briarwood Medical Center from either direction on the heavily traveled State Street. And the tag line used in the ads—*The Best Medical Care in Oakland*—did not help matters. Given the proximity of the panels to campus, it was almost like Briarwood Medical Center was promoting Crestview Hospital. Susan was crushed.

Immediately on making her way into her office, Susan received a telephone call from Pamela Goldman, President of Briarwood's governing board, and she was furious. Pamela had tried to reach Michael for an explanation as to how Briarwood allowed this to happen, but he had not responded, so she decided to contact Susan for answers. Susan, equally outraged, was more than happy to enlighten Pamela on the past few weeks at Briarwood Medical Center.

DISCUSSION

1. Susan found Crestview Hospital's new billboard postings to be especially troubling because they were placed in a location directly adjacent to Briarwood Medical Center. What do you see as the possible ramifications of these postings for Briarwood Medical Center? For example, how might patients of the establishment react? What about other community stakeholders?
2. Michael thwarted an opportunity to secure the prized billboards, seemingly resulting from negative views of marketing generally and advertising specifically. Despite solid evidence of the benefits of marketing and advertising when used appropriately, some in the healthcare industry possess views similar to those held by Michael. Why do you think this is the case?
3. What actions do you believe Briarwood Medical Center should take to counter Crestview Hospital's new billboard postings? Assuming that the governing board mandates that additional advertising funds be forwarded to Susan for bolstering Briarwood's advertising initiatives, how would you recommend that these funds be spent? Please justify your recommendations.
4. Pamela seemed very upset about Crestview Hospital's billboards and she demanded answers. As the case concluded, it appeared that Susan was about to provide those answers, likely pointing the finger at Michael. Given the billboard debacle, how should Briarwood Medical Center's governing board address Michael? Do you see his tenure at Briarwood threatened? Why or why not?
5. Susan appeared to struggle with whether she should contact Briarwood Medical Center's governing board when Michael rejected her request. She knew the board members very well, given her years of service at Briarwood, but she opted to respect the chain of command. Had you been in Susan's position, what action would you have taken and why?