



**De La Salle University - Dasmariñas**  
GRADUATE PROGRAM

**CORPORATE STRATEGY FOR ASIAN HOSPITAL  
AND MEDICAL CENTER**

A Management Research Paper Presented to the Faculty of the  
Graduate School of Business  
De La Salle University – Dasmariñas  
Dasmariñas, Cavite

In Partial Fulfillment of the Requirements for  
Executive Masters in Business Administration

MELFRED D. SUMAYA  
June 2010



## EXECUTIVE SUMMARY

Asian Hospital and Medical Center (AHMC) is a 217-bed tertiary care hospital facility offering a comprehensive spectrum of services with a focus on providing high intensity care and the latest medical and surgical interventions. Despite its only eight years of existence, AHMC has shown tremendous growth in terms of the utilization of its services. The target market is the A, and B class of patients coming from the southern part of Metro Manila including the CALABARZON areas.

Generally new in the healthcare industry, it has established its niche as the leading hospital facility in the south of Manila. Factors considered are the physical facility which is compared to a hotel, state of the art medical equipment for a more comprehensive diagnosis and treatment, and well trained hospital staffs and physicians in their particular specialty that provide quality healthcare service.

The hospital suffered financial difficulties in the first three years of operation brought about by internal and external problems. The partnership with Bumrungrad Hospital International (BHI) in April, 2005 with the infusion of the much needed capital to meet financial obligations and expand clinical services has resuscitated the hospital.

The growth of the hospital as one of the leading healthcare facilities should be sustained to make it more competitive. Strategic analysis using various input tools such as the External Factors Evaluation (EFE) and the Internal Factor Evaluation (IFE) Matrix and the Competitive Profile Matrix, were carefully reviewed and analyzed identifying the threats and opportunities, strengths and weaknesses of the organization. The information



and statistics gathered provided the basic criteria needed to formulate the competitive strategies for determining the future directions of Asian Hospital.

The strategic formulation tools like the TOWS Matrix, IE Matrix, Grand Strategic Matrix and the QSPM further refined the strategic decision making process of Asian Hospital recommending either intensive, integration or diversification strategies. Based on the different analytical tools processed, the most appropriate strategy is the Intensive Strategies. These strategies require intensive efforts if the hospital wants to remain competitive with the existing products/services. These strategies would require an intensive marketing plan, penetration of the untapped local areas and international healthcare market through quality of care, expansion of the clinical services based on the health demands of the target market, medical tourism, as well as introduction of new additional healthcare services/programs for revenue growth. While these would require intensive investment on equipment, operational processes and systems including cost management must be improved to make Asian Hospital the hospital of choice of the market it serves.

This strategic paper proves that in order for the hospital to increase its growth in terms of the number of patients/clients as well as on its revenue, the strategy must be geared towards *innovation of healthcare services* through an intensive investment to capital expenditure and intensive investment for *marketing efforts to reach the prospective market segments*. The financial impact of this strategy will achieve an increase of 5% in revenue and profit from 2010. This will be through the capital investment of Php 783,806,136.00; if it will hit the targeted patient volume of 182,351 for



# De La Salle University - Dasmariñas

## GRADUATE PROGRAM

2011 then the revenue for 2011 will be Php 2,046,566,969.00 and the gross profit will be Php 670,255,579.00.





TABLE OF CONTENTS

	PAGE
Title Page.....	i
Deed of Declaration.....	ii
Approval Sheet.....	iii
Biographical Sketch.....	iv
Acknowledgement.....	vi
Executive Summary.....	viii
Table of Contents.....	xi
List of Tables.....	xv
List of Figures.....	xvii
I. Introduction.....	1
II. Research Design and Methodology.....	3
III. Vision / Mission.....	5
IV. External Environment Analysis.....	9
A. Economic.....	10
B. Sociocultural and Demographics.....	14
C. Political and Government Forces.....	26
1. Medical Tourism.....	26
2. International Labor Market.....	28
D. Legal Forces.....	29



1. Medical Malpractice Law.....	29
2. Philippine Health Insurance .....	30
3. HMO .....	31
E. Technological Forces.....	33
F. Industry Analysis.....	35
1. Five Forces of Porter.....	37
2. Competitor Analysis.....	42
2.1. MMC.....	42
2.2. SLMC.....	43
2.3. TMC.....	44
G. Competitive Analysis.....	45
Summary of Opportunities and Threats.....	57
V. Company Analysis.....	62
A Internal Analysis.....	62
B. Hospital Value Chain Analysis.....	63
1. Market/Market Research.....	65
2. Target Market.....	68
3. Services Offered/ Branding.....	72
Standard of Excellence Awards and Recognition.....	74
4. Pricing.....	76
5. Distribution/Logistics.....	78
6. Promotion.....	82



7. Clinical Operations.....	86
8. Patient Satisfaction.....	101
9. After Service (Billing, follow-up).....	103
10. Organizational.....	107
Organizational Culture.....	107
The Seven-S Model by McKinsey.....	109
Organizational Structure.....	114
11. Financial Resources.....	116
12. Human Resources.....	119
Summary of Strengths and Weaknesses.....	124
VI. Strategy Formulation.....	129
A. TOWS Matrix.....	129
1. S-O Strategies.....	130
2. W-O Strategies.....	131
3. S-T Strategies.....	131
4. W-T Strategies.....	132
B. SPACE Matrix.....	133
C. IE Matrix.....	135
D. Grand Strategy Matrix.....	136
E. Summary of Matrices.....	138
F. QSPM.....	139
VII. Strategic Objective and Recommendation.....	142



# De La Salle University - Dasmariñas

## GRADUATE PROGRAM

Financial Projections.....	146
Scenarios 1 to 4 of Financial Statements.....	150
Performance Projections.....	162
VIII. Strategy Implementation.....	163
Bibliography.....	179







**LIST OF TABLES**

	<b>PAGE</b>
Table 1. Existing Mission Statement Checklist	7
Table 2. Suggested Mission Statement Checklist	8
Table 3. DOLE Region IV-A Summary Report on the Effects of Global Financial Crisis.	12
Table 4. Labor and Employment Rate	13
Table 5. Average Annual Family Income and Expenditure	14
Table 6. Demographics of the Philippines and South Luzon Region	19
Table 7. Ten Leading Causes of Death among Adults	21
Table 8. Total Healthcare Expenditure	23
Table 9. Ten Leading Causes of Morbidity from 2000 to 2005	24
Table10. Ten Leading Causes of Morbidity by Gender, 2004	25
Table 11.Total Healthcare Expenditure by Source	32
Table12. Number of Hospital in the Philippines and Metro Manila And Their Respective Bed Capacity	36
Table13. Summary of Porters Five Forces	41
Table14. Price Comparison of Selected Laboratory Procedures	46
Table15. Price Comparison of Selected Radiology Procedures	47
Table16. Comparison of Prices of Plain CT Scan and MRI	47
Table17. Comparison of Prices of Selected Heart Station Procedures	48
Table18. Comparison of Prices of Executive Packages	48



# De La Salle University - Dasmariñas

## GRADUATE PROGRAM

Table19. Comparison of Room Rates	49
Table20. Comparison of Financial Ratios	51
Table21. Competitive Profile Matrix	55
Table22. EFE Matrix of Asian Hospital and Medical Center	60
Table23. Top 20 Revenue Contracted Accounts, 2009	67
Table24. Patient Volume Distribution by Specialty for 2009	73
Table25. Patient Volume Distribution by Ancillary Service for 2009	74
Table26. Selected Patient Care Services Revenue from 2007 to 2009	98
Table27. Ancillary Services Revenue from 2007 to 2009	99
Table28. Financial Ratios of AHMC from 2007 to 2009	118
Table29. IFE Matrix of Asian Hospital and Medical Center	127
Table30. Summary of Matrices	138
Table31. Assumptions of the Strategies	147
Table32. Performance Projections based on the Strategies Employed	162



**LIST OF FIGURES**

	PAGE
Fig. 1. Philippine Healthcare Spending from 2004 to 2009	11
Fig. 2. Global Consumer Confidence Study	15
Fig. 3. Health Consciousness Among Filipinos	16
Fig. 4. Healthy Practices Observed by Filipinos	17
Fig. 5. Willingness To Spend For A Healthy Lifestyle	18
Fig. 6. Population Distribution By Age Group	20
Fig. 7. Population and Growth Rate and Life Expectancy	22
Fig. 8. Paired Comparison for CPM	54
Fig. 9. Comparative Rating/ Alternative Map for Market Positioning	57
Fig. 10. Paired Comparison for EFE	59
Fig. 11. Marketing Strategy	68
Fig. 12. Prospective Demographic Target Market	69
Fig. 13. Percentage Distribution of the Target Market	70
Fig. 14. Branding Initiatives	75
Fig.15. General Admission Procedure Flow	79
Fig.16. General Discharge Procedure Flow	80
Fig.17. Webpage of Amalga Microsoft Hospital Information System	83
Fig.18. Webpage of Amalga Microsoft – Components and Features	85
Fig.19. Trending of Key Hospital Indicators	88



Fig.20. Trending of Key Hospital Indicators for Invasive Procedures	89
Fig.21. OPD Annual Volume by Source	90
Fig.22. IPD Annual Volume by Source	91
Fig.23. Patient Admissions by type 2008	92
Fig.24. Patient Admission by type YTD	93
Fig.25. Operating Room Utilization Volume	94
Fig.26. Occupancy Rate per Room Type	95
Fig.27. Volume of Laboratory Procedures	96
Fig.28. Volume of Radiology Procedures	97
Fig.29. Process Flow Analysis of OPD section	100
Fig.30. Patient Satisfaction Survey Form	101
Fig.31. Patient Satisfaction Survey Rating	102
Fig.32. AHMC Webpage Payment Policy	104
Fig.33. AHMC Webpage of Scheduled Activities	105
Fig.34. WHO webpage for Clean and Safe campaign	106
Fig.35. Comparison of the number of Resignation	112
Fig.36. Organizational Chart	115
Fig.37. Percentage Distribution of Clinical VS Non-clinical Staff	120
Fig.38. Percentage Distribution of AHMC Non-clinical Staff	121
Fig.39. Percentage Distribution of AHMC Clinical Staff	122
Fig.40. Percentage Distribution of AHMC Medical Specialists	123



Fig.41. Paired Comparison for IFE	126
Fig.42. SPACE Matrix	134
Fig.43. IE Matrix	135
Fig.44. Grand Strategy Matrix	136

