Every home infusion therapy business needs a well-defined strategic, business, and marketing plan. The size and scope of these plans will vary depending on the interests of each organization. Building coherent plans means that the strategies and tactics that are required to grow the business are clearly delineated in measurable terms, and are in line with the overall goals and mission of the organization.

Think of strategic, business, and marketing plans as the captain that guides the organization’s ship. A good captain knows where he is going and how he will get there. A good manager knows, for example, that the organization will grow its business by 15 percent, and she can tell you exactly how that will happen. Without a concise plan, the ship flails, reacting to the sea rather than following a charted course.

So Many Plans: What is the Difference?
There are three types of plans that your organization should consider: strategic, business, and marketing. Each is different, but they all build on one another (see Exhibit 1).

A strategic plan defines the overall direction for the company in a three- to five-year time frame. Creating the strategic plan can be a formal or informal exercise. However, the process should occur annually to make sure that the ship is heading in the right direction. A “strategy” defines what business the organization is in and its overall direction. The business plan defines how you will accomplish the strategy. It outlines steps that will be implemented within the organization’s operations, marketing, and financial departments.

Building on the strategic and business plans, the marketing plan defines specifically how you will achieve your revenue projections. Ideally, the first step in designing a marketing plan is to be sure that it matches the strategic direction of the company.

Strategic Planning
The strategic plan is the backbone upon which all action steps will be based. The strategic plan defines the organization’s direction for the next three to five years. For example, “We plan to grow from $10 million to $20 million in the next five years through an aggressive strategy of acquisitions and same store growth.” Or, “We plan to grow from $1 million to $5 million and position ourselves for a buy out.” These are strategic plans. They set the tone of where the company is headed.

There are five major steps for strategic planning:
1. Define the business
2. Conduct a market assessment to identify the top opportunities and threats in the market
3. Conduct an internal assessment of the company’s strengths and weaknesses
4. Have a strategic planning session with key managers
5. Write the strategic plan

The first step in strategic planning is to define your business. Resist the urge to go with the obvious: “We are in the IV business…what could be more simple than that?” You aren’t really just in the IV business. Your business is actually defined by

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Home infusion therapy providers are no different than other business in that they must continually assess their customer base, competition, market share, quality of services, future goals—and steps to get there—using comprehensive planning processes. Strategic, business, and marketing plans are critical tools that chart the course for planned business growth by outlining clear and measurable strategies.
your customer targets, the services you offer, geographic service area, payer mix, and the medical specialty areas you serve.

Case Studies
Consider the following examples of organizational mission statements.

Company A. Company A provides anti-infectives, TPN, enteral nutrition, and pain management to hospitals and physicians in the rural Northeastern corridor of Florida. Our strategy is to provide a mid-range service level that differentiates us from the increasing number of mail order companies currently competing in this market. Our goal is to have 75 percent private indemnity/managed care business and 25 percent Medicare mix in the primary care, medical oncology, and infectious disease market segments.

Company B. Company B provides injectable medications and standard IV services to HMOs, PPOs, and case managers in the Greater Phoenix market. The company offers ambulatory infusion centers and mail order services at a greater discount than other companies can provide through their home care delivery services. The company offers IV utilization review services to its payers in order to identify patients who can reduce their bed days per 1,000 in acute care hospitals. The company’s payer mix is 100 percent managed care.

These two mission statements are quite different. Not only do they define the basic differences in each business, but they suggest the actual business and marketing strategies of each company. Develop your own mission statement by analyzing your revenue mix over the last few years. Look at where your business is coming from and make a determination if that is the mix you would like to continue with—or if you want to change your strategy. Al l IV companies have a strategy. Take the time to define—and redefine—yours and determine its viability.

Business Planning
The business plan defines the “action steps” that come out of the strategic planning session. These include the operations, financial, and marketing plans for the organization.

In order to construct a solid business plan, you need information about the environment in which you plan to implement your strategy. The next step is to go out into the market and determine the market size, trends, and competitive activities. You will also want to identify opportunities and threats within the market. This is called a market analysis, and it often requires some research.

As a consultant, I spend much of my time with clients asking them questions about their competitors and their customers and organizing these thoughts into a market assessment. It’s amazing how much information exists within the knowledge base.
base of managers in an IV business. Where there are holes in the assessment, we need to go out and ask questions in the market.

One cost-effective method of conducting market assessment is to conduct a series of advisory groups. Bring in key physicians, discharge planners, and/or managed care personnel and conduct focus groups. Reimburse these people for their time or make a donation to their favorite charity. Set up questions that you want them to answer and really listen to their interests and concerns about the IV industry. Find out how your business stacks up and learn about your competitors. See Exhibit 2 for key information that you want to glean from the market assessment.

The market assessment process involves strategic thinking, and thus, requires some time and thought. In smaller companies, this information can be summarized on a few sheets of paper. The assessment doesn’t need to be long necessarily, just complete and accurate.

The next step is to summarize the key issues that come out of the market assessment. Every company has issues—make sure you summarize the key strengths, weaknesses, opportunities, and threats. You should not focus on more than a few in each of these categories or the process will become overwhelming. Get these on a piece of paper prior to your planning session and take the time to prioritize them.

**Elements of the Business Plan**

As stated earlier, the business plan includes three elements: operations, financial, and marketing plans. Creating each of these is its own individual process and will involve different members of the organization’s staff.

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**EXHIBIT 2**

**Key Information from Market Assessment**

<table>
<thead>
<tr>
<th>Size of the market</th>
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<tbody>
<tr>
<td>Market trends</td>
</tr>
<tr>
<td>- Social</td>
</tr>
<tr>
<td>- Technical</td>
</tr>
<tr>
<td>- Economic</td>
</tr>
<tr>
<td>- Political/regulatory</td>
</tr>
<tr>
<td>- Competitive</td>
</tr>
<tr>
<td>Competitive information</td>
</tr>
<tr>
<td>- Target markets</td>
</tr>
<tr>
<td>- Size, offices, employees</td>
</tr>
<tr>
<td>- Service area</td>
</tr>
<tr>
<td>- Network affiliations</td>
</tr>
<tr>
<td>- Services offered</td>
</tr>
<tr>
<td>- Payer mix</td>
</tr>
<tr>
<td>- Medical specialty targets</td>
</tr>
<tr>
<td>- Sources of competitive information include customers, employees, people who interview with your company from competitors, networking, consultants, and vendors</td>
</tr>
</tbody>
</table>

Customer analysis
- Customer trends
- Reimbursement affects
- Consolidation
- Key factors for success with each type of customer
- How customers view IV services
- Top attributes of IV companies
- Assessment of your company and competitors

Top opportunities
- Physicians, medical groups
- Managed care organizations
- Hospitals
- SNFs
- Service line opportunities

Top threats
- External threats
  - Market size changes
  - Shifts in customer power
  - Pricing changes
  - Regulatory changes
  - Competitive movements
- Internal threats
  - Employee burnout
  - Untrained employees

The operating plan includes:
- Number of infusion branch sites
- Staffing plans
- Systems needed
- Training
- Accreditation plans
- Organizational structure
- Budgets
- Operations action plans (key projects, who is responsible, and time frames for completion)

The financial plan includes:
- Staffing for billing, collections, AR, and AP
- Financial systems plans
- Pro forma profit and loss statement, balance sheet, and cash flows
- Financial action plans (key projects, who is responsible, and time frames for completion)
- Budgets

The marketing plan includes:
- Annual revenue plan by product line, payer, and branch
- Marketing/sales organizational structure
- Product/service line plan
- Distribution plan
- Pricing strategies
- Promotional plans
- Marketing action plans
- Budgets

The marketing plan defines how the organization will grow its net revenue. Drilling down from there, a
The sales plan defines how the sales force will achieve the marketing plan.

**The sales plan includes:**
- Sales team organizational structure
- Incentive plans
- Annual revenue plans by sales rep
- Expense budgets
- Sales department budgets

**Tips on Marketing and Sales Planning**
In order to grow your business effectively, you should undertake a marketing and sales planning process. This type of planning does not need to be complex, but it does require an analysis of your company’s strengths and weaknesses, an understanding of local competitive activities, an assessment of customer’s needs, and an in-depth knowledge of the profitability centers within your market.

Begin the planning process in October or November—at the latest—each year. Have these plans complete before the end of the year. If your organization is on a different fiscal calendar, make sure that you give yourself sufficient time to get it done. Make this planning an integral part of the business. I advise my clients to think about planning a lot and write about it a little.

Marketing and sales plans can range from simple documents to multi-page ones for large organizations. It is imperative to seek out a reality check before implementation. I suggest that my clients make sure that they validate their marketing plans with customers so they know that their strategies are viable. There is nothing worse than thinking your infusion services make sense to a new customer group only to find out that there is little or no interest. See Exhibit 3 for a list of common problematic issues.

Bring in experts when you need them. Make sure that your product offerings are fresh. Remember that it is the little things about the infusion therapy service business that differentiate one company from another—how can you spruce up your offerings to make sure you have a competitive advantage?

When budgeting revenue, consider a bottom-up process. Have your sales reps list all of their accounts and then project the number of referrals (net revenue if possible) by account. Use this information in your sales projections rather than just making up numbers. This creates buy-in with the sales team and generally produces more realistic forecasts.

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**Learn More**
Take your marketing plan to the next level by brushing up on sales skills and strategies. Alison Cherney will conduct two sales workshops at NHIA’s 16th Annual Conference in Savannah, Georgia February 26 - March 1. Be sure to attend:

<table>
<thead>
<tr>
<th>Sales Skills Workshop</th>
<th>Tuesday, February 27, 2:30 p.m. – 4:00 p.m.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top 10 Sales Mishaps and How to Avoid Them</td>
<td>Tuesday, February 27, 4:15 p.m. – 5:15 p.m.</td>
</tr>
</tbody>
</table>

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**Exhibit 3**

<table>
<thead>
<tr>
<th>Top 10 Marketing and Sales Issues</th>
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<tbody>
<tr>
<td>1. Revenue objectives are not consistently met</td>
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<td>2. No competitive advantage</td>
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<tr>
<td>3. Lack of market knowledge</td>
</tr>
<tr>
<td>4. Chasing too many opportunities</td>
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<tr>
<td>5. Under- or overestimating threats</td>
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<tr>
<td>6. Ineffective sales management</td>
</tr>
<tr>
<td>7. The wrong sales representative are in place</td>
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<tr>
<td>8. Disincentive plans</td>
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<tr>
<td>9. Insufficient sales training</td>
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<tr>
<td>10. Insufficient management systems</td>
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</tbody>
</table>

Adapted from Creating a Marketing Plan: A Workbook for Infusion Therapy Companies by Alison Cherney, M.B.A.

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Track the progress of your plans at least quarterly. You can certainly make adjustments where needed to make sure that you are on course. Planning should be a standard part of any infusion therapy organization. They are critical in spelling out success—from defining it to attaining it—and they can help keep the ship sailing in the right direction.

Alison Cherney is President of Cherney & Associates, Inc. (www.cherneyandassociates.com), a Brentwood, Tennessee-based marketing and sales consulting firm that specializes in the health care industry. Cherney & Associates provides strategic planning, market research, marketing strategies, sales training and managed care strategies for manufacturers, distributors, hospitals, medical groups, alternate site and home care providers. Cherney is the author of Creating a Marketing Plan: A Workbook for Infusion Therapy Companies, which will soon be re-released and available from the NHIA online store (http://store.nhianet.org). She can be reached at 615-776-3399 or cherneyaj@aol.com.