Team 5 Business Plan

HSA 3170- Health Human Services Finance

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**Executive Summary**

The following business plan is discussing the addition of an outpatient lab on the Local Hospital campus. The addition of this lab can be a great benefit to the community as well as the health care professionals that are a part of the hospital with 70% of all clinical decisions coming from clinical lab tests from this outpatient facility (Scott, 2017). The organizational plan for this facility will be expansive and supportive involving the CEO, Director of Operations, Lab Operations Managers, Lab Personnel and Referring Physicians. Each of these individuals will report to their corresponding supervisors when certain aspects of the outpatient from growth and profitability to the customer experience and quality.This will create a support system for lab personnel to provide the best health care to the community.

The marketing segment of this business plan discusses the many different diagnostic tests and therapeutic treatments performed, the competition that Local Hospital will have to face and the method by which the lab will separate itself from this competition.The services provided that the lab will includeclinical pathology, imaging services like CT scans and Ultrasounds, blood analysis, chemotherapy and more. The competition from these services isdiverse and fierce with the nearby diagnostic centers that Local Hospital originally used for services. The methods to separate Local Hospital from this competition is to provide the best quality service, include the best equipment available and have the best prices for the patients.

The finances for this project will include the start-up capital for the expensive equipment purchased, leasing the facility and paying the employee salaries,and so forth. The total cost for this project is projected to be $1.2 million.The NPV variance discounted at a rate of 6% is $72, 547,and the internal rate of return by year 5 is $206, 571.

**Organizational Plan**

The addition of an ambulatory lab on our hospital campus will help meet the needs of our consumers and support our hospital’s mission to be our communities’ trusted choice for exceptional care with each interaction. Clinical lab tests provide a crucial piece of the diagnostic picture by guiding up to 70 % of all medical decisions (Scott, 2017). By providing high quality, testing that is cost-effective, we can promote clinical continuity between our laboratory, the clinical decision makers and the patients while delivering value-add services to the community. Local Hospital’s new ambulatory lab will improve access to advanced diagnostic testing services and provide interpretive consultation through its extensive medical and scientific staff. Our organizational plan for the new ambulatory lab will be expansive and supportive. At the top of the organizational chart will be the current CEO of Local Hospital. Reporting to the CEO will be the existing Director of Operations. The Director of Operations will be responsible for the growth and profitability of the new lab. They will have oversight of the quality of operations, customer experience, expanding the company's footprint and strengthen its reputation in the market. The next level of leadership will be the Lab Operations Manager, who will report directly to the Director of Operations. The Lab Operations Manager will be responsible for day-to-day administrative operations of the lab. He or she will manage all lab personnel, which will include two receptionists and three clinical lab technologists. As a part of this role, the Lab Operations Manager will have direct oversight of daily schedules, equipment, supply management, quality control, and all regulatory compliance requirements. The operations manager is also a liaison to the referring physicians, which will help support the growth and marketing of the lab. The receptionists and clinical lab technologists will be an integral part of our strategic plan by providing high quality, compassionate care to each patient and provider. These team members will help support Local Hospital’s mission to be our communities’ trusted choice for exceptional care with each interaction. At the end of the day, those closest to the patient are the best ambassadors and the future of the health system.

**Marketing Segment**

Local Hospital Diagnostics Laboratory will be instrumental in aiding the diagnosis and therapy of patients. Our services will include clinical pathology, CT scan, blood count, urinalysis, transfusion medicine, diagnostic testing, immunology, therapeutic drug observation, ultrasound, chemotherapy, hematology, cholesterol tests, spinal fluid analysis, and biochemistry. We will as well offer additional services to our clients like consultancy and medical aid services. As a leading medical laboratory, we plan to provide these services to our clients from our location at LocalHospital campus. Our vision is to make sure that we will be able to serve our local physicians and patients with a diagnosis that is not just efficient and accurate, but additionally confidential, trustworthy, and reasonably priced. We would like not just to meet but rather exceed the expectations of our clients, thus becoming the most preferred diagnostics laboratory in this area.

We are aware that the competition is rife in this area, given that the local hospitals have been seeking service from the nearby diagnostics centers, which are our primary competitors. In an attempt to achieve our vision and become the most preferred diagnostics laboratory, we plan to get the right and most sophisticated equipment that will enable us to carry out even the most demanding tests accurately. We have also gone a mile extra to offer laboratory services that are not available in the local laboratories like chemotherapy and hematology. Our prices are also discounted to the advantage of our customers who we highly value and look towards giving them the ideal services and being part of their recovery journeys. To reach a wider clientele, we intend to hold a roadshow and finish it with a medical camp where we will engage physicians from the local hospitals. During the camp, we will offer services to our customers free of charge and invite them to our center. This will ensure that people get to know of us and our services.

 We intend to have a solid business structure that will enable us to get the right professionals who will share will us our vision and help us realize it. Our staff will be very experienced in dealing with different patients, and they will operate under the guidance of our code of conduct. The welfare of our team will be well taken care of to ensure that they remain motivated and dedicated to serving our clients. Through these strategies, we will soon rise from an unknown start-up to a force to be reckoned with nationally.

**Financial Segment**

Local Hospital is a leading and standard medical diagnostic business that will be in Main Street – St. Petersburg and will offer diagnostics services to medical personnel as well as non-medical personnel. Even though we will be offering major diagnostic services such as clinical pathology, hematology, ultrasound, CT scan, x-ray services, microbiology, and biochemistry; we will also be offering additional services such as outpatient laboratory services as well as medical support services to generate more revenue and boost the bottom line of our business. Our vision is to ensure that we can serve our local physicians as well as other clients with a diagnosis that is not only fast and accurate but reasonably priced. We intend to ensure that we not only meet but exceed the expectation of our customers and become the preferred diagnostics center here in Florida (Haag, 2013).

In our bid to achieve the above vision, we intend to ensure that we get the right equipment that will be able to run difficult tests accurately. We will also employ a solid business structure that will allow us to employ the right number of professionals to help us attain our intended objective. We are in the medical diagnostics services to offer quality service to our clients and to also favorably compete against our competitor in Florida. To achieve this, we will go the extra mile to invest in only the best equipment as well as employees to ensure that we keep up to our standard. We will source for and hire the best employees that are not only capable but have the necessary experience that would be needed to help us rise from an unknown start-up to a well-known hospital for the community. We will ensure that our employees are well paid and have better welfare packages than their counterparts in similar start-ups such as ours. This will ensure that they remain motivated and dedicated to ensuring that we achieve all our goals and objectives (Haag, 2013).

In starting and intending to run a diagnostics center business that is up to standard and successful, there are certain things that must be in place especially as the business is a capital intensive one (Reiter & Song, 2018). The bulk of the generated start-up capital, for example, will be needed to get the necessary equipment which is expensive, lease a place, and pay the salaries of employees with utility bills for a defined period of time (Reiter & Song, 2018).

The key areas where we would, therefore, be spending the bulk of our capital in the first year are:

* Obtaining business and medical licenses and permits, customer, accounting and inventory software as well as other legal expenses – **$10,000**
* Cost of labor – **$449,280**
* Marketing promotion expenses for the grand opening of Local Hospitals Outpatient Lab as well as for general promotional expenses – **$45,000**
* Cost of leasing a facility for the first year and carrying out construction/renovation–$**175,000**
* Cost of procuring the necessary equipment for start-up (autoanalyzer, scanning machines, EEG, ECG, blood testing machines, centrifuge, freezer unit, x-raying machines) – **$350,000**
* Other start-up expenses (latex gloves, needles, syringes, portable ice coolers, masks, microscope, balance) – **$80,000**
* Administrative expenses (furniture, phone, computer, laser printer, broadband internet connection) – **$30,000**
* Other necessities (information systems, security, website) – **$50,000**
* Utility expenses – **$3,500**
* Contingency – **$10,000**

In addition, the NPV variance discounted at a rate of 6% is $72, 547. The internal rate of return by year 5 is $206, 571.

**Conclusion**

This business plan has the intention to not only provide our patients with an outpatient laboratory where they can receive outpatient services but to give the community the highest quality service possible in the area. This will require a support system starting with the CEO to the lab personnel, a marketing strategy centered around the patient and an investment in the best equipment possible to complete these services. This may require a great deal of capital to complete, however, this facility can create another form of income for the hospital that can bring a return on investment by year 5. This project can also continue the mission and vision of this hospital to serve the community and grow with the community.

**References**

Haag, A. B. (2013). Writing a Successful Business Plan: An Overview. Workplace Health & Safety, 61(1), 19–29. <https://doi.org/10.1177/216507991306100104>

Reiter, K. L., PhD, Song, P. H. *Gapenski's Fundamentals of Healthcare Finance, Third Edition*. [Yuzu]. Retrieved from <https://reader.yuzu.com/#/books/9781567939750/>

Scott, K. (2017). *Below the surface, healthcare reform moves forward.*  Retrieved from [https://www.aacc.org/publications/cln/articles/2017/october/below-the-surface-health- care-reform-moves-foreward-for-clinical-laboratories](https://www.aacc.org/publications/cln/articles/2017/october/below-the-surface-health-%09care-reform-moves-foreward-for-clinical-laboratories).

**Health Services Administration Assignment Grading Rubric**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Component:**  **Content** | **Unacceptable** | **Marginally Meets Expectations** | **Meets Expectations** | **Exceeds Expectations** | **Maximum Points** | **Points Earned** |
| Demonstrates accurate understanding and synthesis of assignment concepts by:   * Meeting content standards * Identifying relevant points and main ideas that are organized and complete * Providing accurate and relevant information highlighting an understanding of material * Demonstrating original thought and personal reflection in relation to the concepts * Providing evidence to support thoughts, comments and opinions (e.g., source citations) | * Content does not meet assignment standards * Information provided was inaccurate * Information presented in disorganized manner * Information presented in an incomplete manner * Demonstrates limited understanding of the material * No supportive evidence provided * Provides insufficient peer-reviewed resources (citations and references) * Demonstrates limited or no original thought and/or reflection | * Content marginally meets assignment standards * Information presented was generally accurate * Information presented is minimally developed * Content presented in a disorganized manner * Information presented demonstrates only partial understanding of the material * Information is insufficiently supported with up-to-date, peer-reviewed resources * Demonstrates some original thought and/or reflection | * Content sufficiently meets all assignment standards * Information presented is accurate * Information presented is adequately developed * Content presented is organized * Information presented demonstrates an adequate understanding of the material * Information is adequately supported with up-to-date, peer reviewed resources * Demonstrates original thought and reflection | * Content exceeds all assignment standards * Information presented exceeds expectations of upper division course work * Information presented is well developed * Content presented is exceptionally well organized and comprehensive * Information presented demonstrates thorough understanding and application of the material * Information is thoroughly supported with up-to-date, peer reviewed resources * Demonstrates original thought and insightful connections | **21** |  |
| **Component:**  **Professionalism** | **Unacceptable** | **Marginally Meets Expectations** | **Meets Expectations** | **Exceeds Expectations** | **Maximum Points** | **Points Earned** |
| Demonstrates a commitment to academic integrity and professional standards by:   * Meeting all assignment requirements completely * Maintaining academic integrity * Applying instructor feedback, when appropriate * Submitting work that is accurate and reflective of upper level scholarly expectations * Using professional language and terminology * Submitting work on time | * Assignment requirements were not met * Did not adhere to principles of academic integrity * Work does not reflect correction of errors previously noted by instructor * Excessive errors in grammar, spelling, punctuation, and/or APA * Excessive use of unprofessional language, terminology or abbreviations (i.e. texting) | * Key requirements of the assignment were missing * Adhered to principles of academic integrity * Works reflects only minimal correction of errors previously noted by instructor * Numerous errors in grammar, spelling, punctuation, and/or APA * Some use of unprofessional language, terminology or abbreviations (i.e. texting) | * Key requirements of the assignment were met * Adhered to principles of academic integrity * Works reflects correction of the majority of errors previously noted by instructor * Minimal errors in grammar, spelling, punctuation, and/or APA * Language and terminology is professional and appropriate | * Key requirements of the assignment were met * Adhered to principles of academic integrity * Works reflects correction of all errors previously noted by instructor * Accuracy with grammar, spelling, punctuation, and/or APA * Exceptional use of professional language and terminology | **9** |  |
|  |  |  |  | **Total Points** | **30** |  |

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| --- | --- |
| **Instructor Feedback** |  |

Special Disclaimers:

* 1 point deduction for failure to use standard HSA file naming convention: **course\_assignment\_lastname** (i.e. HSA3104\_timeline\_smith)
* 1 point deduction for failure to include the assignment rubric.

Abbreviated Late HSA Policy, please see your course syllabus for the full late policy:

* **Assignments submitted within 24 hours of due date –50% deduction** (graded score – 50%).
* **Assignments submitted after 24 hours are not accepted for credit.**

Academic Integrity:

All academic work submitted to satisfy course requirements is expected to be the student’s OWN work.  All instances of **plagiarism** will be forwarded to the Dean for review and possible academic discipline.