

Web Exclusives

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McDonald's and Delivering Anesthesia Group Value

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Value is what's important to your customer. Not to you.

In October 2014, McDonald's reported that their third quarter profits were down 30% from the third quarter of 2013.

McDonald's head of U.S. operations announced the "fix" for the sales slump: *"We must and will win with our food."* He said that McDonald's wants to be more *"culinary-inspired."*

But is it actually the food that is important to a McDonald's customer? Will simply shifting the menu from fast food to Food Channel result in more profit for the hamburger chain? Or is it something else entirely?

From an economics viewpoint, a buyer obtains value by receiving more than what is given up in an exchange. That's why a customer or a client or a patient buys or doesn't buy.

And, of course, from the seller's viewpoint, what it delivers has to be of lesser worth to it than the price received — that's the seller's value.

So, Sally perceives that a Big Mac and a Coke are worth more than the menu price. That perception is internal to her — it's *her* decision that the purchase will deliver sufficient value to *her* then and there. As a result, she buys.

And, on the other side of the transaction, McDonald's values the menu price more than the cost of delivering that meal to Sally. If it didn't, it wouldn't sell at that price.

But there's no "what came first, the chicken or the egg?" question in connection with a sales transaction.

That's because no matter what the seller thinks of the value proposition offered (the food, the level of service, the packaging, etc.) there's not going to be any exchange unless the customer first perceives value from the customer's own perspective and buys.

McD's and Anesthesia: What's the Connection?

So, what's this have to do with anesthesia groups and you?

You are selling anesthesia services and, despite the involvement of government payment programs, insurers and ACOs, you've got one or more customers and they're all looking for value. The hospital and other facilities your group does business with are seeking value as each determines it. So, too, are referring surgeons and patients.

Anesthesia groups lose contracts because they focus on what's important to them or from their perspective before they focus on what's important to the customer, be it the hospital, the referring physician or the patient.

I see this all the time.

A group's exclusive contract relationship with some hospital is in trouble, but it claims that it delivers the world's best medical care.

The problem is that *in the context of the exclusive contract*, the customer is the hospital, not the patient. So while the quality of the care is important, so too are many other aspects, from the amount of stipend support, to referring physician satisfaction, to, well, the list goes on and on.

That's why at McDonald's the food is only a part, and I'd say a very small part, of the customer's value equation. Speed of delivery, price, cleanliness, and friendliness of the employees are all very important pieces of the puzzle.

After all, if what I want is a really good hamburger, I will go someplace else.

McDonald's isn't selling hamburgers, it's selling their version of a hamburger and their other offerings wrapped in a larger experience. If that value proposition is attractive to me—I've been driving for hours and it's time to get off the freeway, eat something fast, and get back on my way—then I'm a customer. That has little to do with the food.

As an anesthesia group leader, you must determine and focus on your customers' perception of value, especially your hospitals' and other facilities' perception of value. Then develop a strategy to increase that value, both by delivering more value and by increasing the perception of delivering more value—two very different and yet complementary moves.

On the other hand, you can be like most of your competitors and simply swear all day long that your anesthesia group is now the equivalent of "culinary-focused"—that is, quality focused. But, like McDonald's, if the value to your customer lies somewhere else, your meat will just be getting cold as the hospital or referring surgeon or patient goes somewhere else for what's important to them.

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