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Teaching Notes

Denticija, a Dental Clinic in Kaunas

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TEACHING NOTES

1. Business case: genre

Unlike other business cases that are based on examples of hugely successful businesses, this business case is about a business of **average success**. Since it is normal to expect that some 60–90 % of all businesses in any sector (in any country, especially in Lithuania) would be of average success, from a didactic point of view their analysis is more valuable than that of extremely successful business cases. This is so because the probability that after completing studies a student will start a career or spend most of it working in a company of average success is much bigger than that of finding employment with an extremely successful company. For training purposes, it is therefore more valuable to understand the way a business of average success operates, and the most important is to understand how its operations could be improved.

2. Business case: teaching goal

As in most business cases dealing with a business of average success, the **teaching goal** of this particular business case **can be defined by employing the following formula**: no company or business—not even the one that commits an enormous amount of time, money and human resources and makes long-term, focussed efforts—has ever managed to achieve nor will it ever achieve any major business success (unless it happens accidentally) and will continuously face numerous internal and external problems (in the market) if its leadership does not have clearly defined answers to at least the following questions: what is this business all about, what does it mean for the market or the economic branch it represents, what does it sell to the market and why should the market be willing to buy it, how much is the market willing and able to pay for it, what is the competitive edge of the business and how does it compete with other businesses in the market, how does the business communicate about itself in the market, where is the business going, where would the business like to be going, what are the goals of the business and what should they look like, what creates value in this business, and what makes the business valuable? Answers to all of the questions above lie in the business strategy, and it is not possible to develop (have) a business strategy without strategic analysis. In other words, if a business does not have a strategy and does not purposefully strive to implement it, the probability that the business will be successful is equal to the probability that a treasure hunter will find a treasure without having any idea where the treasure lies or how to hunt for it, despite the enormous effort he might be exerting (certainly this type of treasure hunter, just like businesses without strategies, might get lucky, but that would be a mere coincidence).

3. Business case: area and scope of application

All business schools in the world explain what a business strategy is and why it is a must for a business to have one. Yet another thing is what this strategy should look like for a specific business to achieve success. The thing is that every business can (and must) develop its own strategy. There are therefore as many different business strategies as there are businesses. In order to develop a business strategy it is necessary to have knowledge on how it is done, however. **This business case demonstrates how much and what type of knowledge and effort is necessary to be able to develop a business strategy.**

There are many theories, methods and approaches on how to develop a business strategy. The **authors of this business case** have the opinion that a business strategy can be developed by taking the following **steps**:

1. **Strategic external factor analysis.** For training purposes, this analysis has been split into several interrelated analyses that are smaller in scope (PESTEL, market, branch, and five-forces analyses).
2. **Strategic internal factor analysis.** This analysis has also been split into several analyses that are smaller in scope (resource, strategic capability, and value creation analyses).
3. **Business (company) SWOT analysis.** This involves systematising the data obtained as a result of strategically analysing external and internal factors and defining the key parameters that characterise the business, including the determination of how well the business is prepared (strengths and weaknesses) to compete in the market (opportunities and threats).
4. **Development and definition of a strategic business position.** In order to define the strategic position of a business, it is necessary to analyse the expectations of its stakeholders and to formulate the vision, the mission, and the values of the business, as well as to define the strategic (business development, financial, economic) goals and key objectives (to be achieved in the market, in terms of client and staff management, etc.).
5. **Development of strategic alternatives.** To develop strategic alternatives, it is necessary to assess the insights obtained as a result of the SWOT analysis and to capitalise on the theoretical knowledge about the alternatives available in the market (environment and related forecasts, market structure and concentration, market segments, competitive strategies, business opportunities, and goals, including the objectives of the business in terms of the current situation and the future of its products or services).
6. **Development of strategic alternative assessment criteria.** To develop the assessment criteria, it is necessary to define the assessment indicators aimed at different aspects of every single alternative and to measure every goal that the business has by applying those criteria. The outcomes of the measurements should then be subjected to both quantitative and logical assessment.
7. **Development of a plan to implement the selected strategic alternative.** To develop a plan, it is necessary to prepare an exhaustive description of the steps to be taken to implement the selected strategic alternative, including investment, financial, production organisation, marketing, sales, and communication plans.

The above steps reflect the stages of independent studies that third- and fourth-year bachelor students would be expected to engage in during their studies at any business school. The independent studies then result in a term paper, i.e. **a prototype of a strategic plan**. To develop a prototype of a strategic plan, rough data is used.

The above steps make up the first stage of the introductory strategic management course, i.e. **strategy development**. They are almost unrelated to the second stage of the course, which focuses on implementation of strategy (except for step 7 which discusses some preparatory aspects related to implementation of strategy). To make it simple, every introductory strategic management course can be split into two parts, i.e. development of strategy and implementation of strategy. **This business case is meant to teach development of strategy**. For the purpose of simplicity, development of strategy (the first part) can be split into the seven steps that have been listed above. **This business case is**

meant to teach the first two steps, i.e. strategic analysis of external factors and strategic analysis of internal factors.

To specify the potential use of this business case, it is worth saying that in practice the strategic analysis of external and internal factors is usually performed by several to a dozen business analysts who do their work in different units of a company (usually in marketing, sales, and economic, strategic and business development departments), and the number of the analysts involved depends on the size of the business. Usually the initial data that enables the said analyses to be performed is continuously collected and analysed by the analysts specialising in a particular business sector, economic branch, or industry, who then sell their services in the form of standardised informational packages or specialised corporate consultations. A strategic analysis of external and internal factors would require a lot of long-term effort from a number of specialists and usually highly paid professionals. It would therefore be wrong to assume that this particular business case will teach somebody how to perform a large-scale analysis that is necessary for any business operating in the market. Nonetheless, **the analysis of this business case will help students understand which steps should be taken, on what scale the steps should be, and most importantly in what sequence the steps should be taken to obtain the desired result, i.e. the strategic analysis of external and internal factors.**

4. Business case: didactics

4.1. Form

The analysis of a business case involves the immersion of students into a business situation that is not far from reality. The students have to puzzle out the given situation to find the required solutions. This business case is not far from reality in the sense that every business, especially if it is of average success, always has some sort of systematised information accrued. **When dealing with a business case that reflects a business situation that is close to real, the students receive the information that they would get if they worked for a real company.** Irrespective of who in a particular company would introduce a new employee (in our case the student) to the internal and external situation of a company and no matter how it would be done, it is reasonable to assume that a nearly real situation would appear as follows: part of the information would be provided to the student in writing (similar to the way it is presented on the initial pages and annexes to this description of a business case, where Kamilè is telling her story), while the rest would be presented orally by a representative of the company (similar to the way it is presented further in this description). The information would usually be presented to the student based on the logical reasoning and point of view of the presenter of the information (the company). Both might seem rather illogical and unsuitable for its recipient (the analyst that has just been employed by the company). Very much as in a real situation, at first the student would be introduced to general information about the market and the company and the history and current market position of the company, including the company's competitors, and only then would all the internal problems be brought to light.

4.2. Content

The moral (didactics) of the business case is that as a result of reading the description of the business case and all its annexes the student should get acquainted with a lot of (systematised and non-systematised) data that is provided in a logical and consistent way and is rather exhaustive, but for the purpose of completing the given tasks the data is purposefully presented so that it would seem rather chaotic. Having looked through the

data and the task, the student should feel like they have difficulties with completing the task: in general it all should seem to be clear, but in essence nothing should be clear at all, at least until the problem gets really solved. No matter what data the analyst (in our case the student) gets, he or she **must know the methodology** that will enable the analyst to perform the analysis. Moreover, the analyst **must review all the data** in order to establish whether the available data is sufficient to perform the needed analysis. This is where **the didactic methodology** of this business case stems from. If the teacher does not tell the students about the methodology (which they must learn when analysing this business case), the students will not be able to complete the task they have been given.

If this business case is used for the purpose of studies on a higher level (e.g. master's studies), the student will already be aware (from their previous studies or practice) of the way the strategic analysis of external and internal factors is performed. Having completed the analysis, they may therefore take further strategic development steps and, with the help of the teacher, complete the SWOT analysis, define the strategic position of the business, develop strategic alternatives and assessment criteria, and prepare an implementation plan for the strategy.

5. Business case: teaching method

This business case should be taught by applying the following teaching method: the students should pretend they have recently been employed by the company as analysts; the information provided in the description of the business case is all that they have access to; the students should read it (before or during the lecture) and answer the following two questions:

1. **What is the first thing this company should do? Or what is the first thing the head of this company should do?**
2. **How should the strategic analysis of internal and external factors be performed?**

There can be many different answers to the first question, for example, to review the company's strategy, to introduce a staff motivation system, to review the prices of the company's services, to replace part of the company's staff, to cut down on costs, to invest, etc. However, **the right answer** that the teacher should lead the students to is **to perform a strategic analysis of the company** (starting with a strategic analysis of external and internal factors). There are several ways the teacher can lead the students to the right answer. The teacher may ask several students to share their ideas and, if their guess is wrong, the teacher may simply tell the students the right answer. This would take several minutes. Yet another way would be to facilitate a student discussion on the issue by encouraging the students that have diverse opinions to be more active in the discussion. This would require approximately a quarter of an hour. The teacher may choose to spend even more time on that and apply a number of different methods to collect and group the opinions of the students, including brainstorming in smaller groups, etc. The teacher has to choose the method that is most convenient for him or her, which will determine the amount of time the students need to arrive at the right answer.

Since the most important question is however the second one, both the teacher and the students should spend most of their time and effort answering that question. It is likely that after reading the description of the business case the students will notice that what is lacking is a strategy. If the students manage to get really tuned into the role of an analyst, their natural reaction to the text and to the information provided in the description of the business case should be as follows: **there is a lot of information, although it is not**

clear yet whether there is enough; nonetheless, one thing is clear, i.e. the company does not have a strategy; it simply does what it has been doing all the time; the activities of the company are purposeful and it puts a lot of effort into them, but the goal of the company is not clear; the company does not know with whom it competes, how it competes, or even what its competitive edge could be.

If the students disagree that the answer to the first question (What is the first thing the company should do?) is to develop a strategy and to perform a strategic analysis that would enable the development of that strategy, irrespective of how they have been lead to this answer, the teacher should have some persuasive arguments ready to convince the students otherwise. The teacher's arguments should be in the form of several questions posed to the students, for example:

- Is it possible to define the company's strategic position from the information that you have been given?
- Can you tell me what strategic position the company should take simply from the information that you have been given?
- Can you tell me what the company's strategic alternatives are simply from the information that you have been given?
- Can you define the current strategy of the company simply from the information that you have been given?

Obviously the students cannot answer the above questions simply from the information provided in the description of the business case (at least not before they complete the strategic analysis). All they can do is guess (in order to show initiative or actively participate in the lesson). If the students are not able to answer the above (or other similar) questions, the following conclusions should be drawn: *if a company does not know with whom and how it is competing, if the company does not know exactly what its competitors are doing and how they are doing it, if the company does not know what its strategic position and strategic alternatives are, and most importantly, if a company has a lot of data that is not properly systematised (to enable the company to make the necessary decisions), most probably it does not have a strategy, and first and foremost, it must perform a strategic analysis of external and internal factors to enable the company to develop or to correct its business strategy.*

Once you arrive at the answer to the first question, you should raise **the second question: How should the strategic analysis of internal and external factors be performed?**

The strategic analysis of internal and external factors can be performed by following certain principles of the consistency of data analysis, although variations are allowed. The variations of strategic analysis depend on many different factors (the teacher, the methods that the selected strategic management school suggests to apply, the amount of available and accessible data, the desired depth of the analysis, the number of times the analysis has been previously performed, etc.), but **applying the classical strategic analysis methodology** that is taught at more or less all business schools in the world is recommended when covering the obligatory course called Introduction to Strategic Management.

The consistency of strategic analysis is described further in this document, while this part of it is devoted to the way it could (should) be performed by the students.

Once the students and the teacher agree that the answer to the first question (What is the first thing this company should do?) is to perform a strategic analysis (because without a

strategic analysis it is impossible to develop a strategy), the teacher should give **the second task to be completed during the class, i.e. to perform the strategic analysis of the company.**

The students may try to perform the strategic analysis on their own, but it is recommended to help the students do that in order to not spend too much time on it during the class. The strategic analysis can be split into two parts, i.e. the strategic analysis of external factors and the strategic analysis of internal factors. This means that all the data provided in the material can and should also be split into two parts, i.e. the data that is necessary to perform the strategic analysis of external factors and the data that is needed to perform the strategic analysis of internal factors. Practice shows that it is not always easy for the students, especially if they are inexperienced, to assign the available data to one or another category (internal or external factors), especially knowing that some of the data will be used twice (for analysis of both internal and external factors). **Collecting all the data provided in the description of the business case and related annexes by using template tables** is therefore recommended.

6. Teacher objectives

The teacher has the following teaching objectives:

- 1) **To reveal** that each of the analysis methods or techniques require huge amounts of data that take a long time and a lot of different tools to collect, that these huge amounts of data are somehow stored and used by a company for respective purposes, and that for the purpose of this lecture (for the training purposes) the students are only acquainted with some basic, elementary things.
- 2) **To reveal** (although the students will easily understand that themselves when working on the task) that a good strategic analysis forms a solid basis for a good business strategy, and that what is essential when developing a good strategic analysis is major human intellectual effort. This effort is necessary to collect and analyse the huge amounts of data, to engage in the logical reasoning that leads to conclusions and definition of consequences, including the knowledge necessary to distinguish the most important information from the rest and to provide a creative assessment of future prospects, the data that has been collected, and the feasible solutions and conclusions, while at the same time considering exhaustive historic data, including the real situation and different interpretations thereof. All of that makes up a strategic process that requires knowledge, common sense, creativity, memory, and resourcefulness.
- 3) **To reveal** that the strategic analysis of external and internal factors performed for the purpose of this class is rather shallow and oversimplified and is performed for training purposes only. At the same time, the students should understand (with the help of the teacher) that this type of analysis can only lead to approximate conclusions that can only lead to an approximate strategy. This means that the students should become aware that an exhaustive strategic analysis requires enormous mechanical and intellectual effort. The authors of this business case description expect that judging from the type of data to be collected with the help of the template tables and as a result of discussions with the teacher the students will understand that it is impossible to perform a proper strategic analysis merely based on the data that they were able to collect (from the description of the business case and its annexes), and that a proper strategic analysis requires much more data (including several cases of market research and several more cases of internal company research).

7. Methodological material

7.1. Introduction

Further in the document there are several tables that the teacher should present to the students (one after another) during class. The tables are meant to facilitate the collection of data from the description of the business case and its annexes. They are presented in the order that should/can be followed when performing, first of all, the strategic analysis of external factors and then the strategic analysis of internal factors.

Each of the tables has its own title that reflects the type of analysis (method, technique) to be performed. The students should be given the empty version of the tables containing only the line and column headings, while the rest of the fields should be empty. The students (with the help of the teacher) then fill in the empty fields by using the materials that they have been given. **Tables that have already been filled out and contain the recommended values are provided further in this document and are to be used by the teacher only.**

Most of the values given in the completed tables are taken from the description of the business case or related annexes (there is an indication next to the table, in the table, or under the table showing the place in the text or the annex from which the values have been taken). Some of the data has been copied directly from the description of the business case or the tables provided in the annexes, while other data has been recalculated. However, some data provided in the tables cannot be found either in the description of the business case or in the annexes. Those specific values have to be arrived at (by the teacher together with the students) or taken from other sources (the internet; the practical, professional or personal experience of the teacher; or even the students). Under each of the tables there is an indication of the source of the specific data.

The teacher may choose to hand out the printed version of the tables to the students, but **it is recommended to first of all explain every single method, its application, and the table** that has to be filled in by the students and even to draw the table on the board (or demonstrate it on the screen). The students should then copy the tables into their notes and start filling them with the proper data. As has already been mentioned, it is best to collect the data together with the students and discuss it together (but the teacher may decide to give the students time to collect the data independently and then spend some time discussing the data the students collect and, if necessary, replacing the wrong data with the right data by at the same time indicating the place in the text or the annexes from where it has been taken).

7.2. Methodology

As has already been mentioned, the strategic analysis can be performed in many different ways (it may vary in depth, width, the methods applied, and the combination of the methods selected for application). The teacher together with the students should use their own discretion to decide how to perform the analysis based on the data provided in the description of the business case and the annexes. To deal with this particular business case, it is recommended to perform all the steps of the analysis in the following sequence (the numbering of the constituent parts making up the strategic analysis coincides with that of tables that are presented further in this document, and all the titles of the constituent parts that coincide with the titles of the document sections presented later in this document are written *in italics*):

1. Strategic analysis of external factors:

1.1. *PEST (political, economic, social, technological) analysis,*

1.2. *Market analysis:*

1.2.1. *Market description,*

1.2.2. *Consumer analysis,*

1.2.3. *Competitor analysis,*

1.2.4. *Critical and key success factors,*

1.2.5. *Structural profitability ('five forces') analysis (establishment of market attractiveness) of the sector (branch).*

2. Strategic analysis of internal factors:

2.1. *Strategic capability analysis of a business:*

2.1.1. *Resources,*

2.1.2. *Threshold resources,*

2.1.3. *Unique resources,*

2.1.4. *Competencies,*

2.1.5. *Threshold competencies,*

2.1.6. *Core competencies.*

2.2. *Business value creation analysis.*

7.3. Tables and their indicators

1. Strategic analysis of external factors

1.1. PEST analysis

A PEST (**political, economic, social, technological**) analysis is an analysis of a business environment and therefore can be (and usually is) rather wide-ranging (although a PESTEL analysis is even wider). The description of this business case and its annexes do not include all the factors of the company's business environment. Usually a multitude of different indicators are used to perform an analysis of a company's business environment because every company or business (especially if it serves all strata of society) is influenced by a variety of different political, economic, social, technological, ethical, legal, cultural and historical factors. For the purpose of this particular business case, it is not expedient to name and briefly discuss all of the different factors. Instead, only the most important ones should be dealt with, and the students should be acquainted with the context in which the business (the company) operates. Having understood the context in which the company operates, the students may independently continue searching for more data on the company's business environment. Prior to giving the students the task of analysing this particular business case, the teacher may therefore give the students some homework, i.e. to read several legislative documents regulating the health care system of the Republic of Lithuania (they have been listed in the political analysis table, but they have merely been mentioned in the business case instead of providing full versions of their texts) and to read about the economic situation in the country and in the world. Since the strategic analysis of external factors requires huge amounts of data, only some of it has been given in the description of the business case itself, while the rest is provided in the form of annexes.

Political aspect. What (e.g. legislation, political forces, public opinion, etc.) has the biggest influence on the company's political environment?

Table 1. Political analysis of the business environment

Recommended values of indicators	Mention of the recommended values of indicators in the description of the business case
Law on the Health Care System	Internet (Annex 1)
Law on Health Care Institutions	Internet (Annex 1)
Law of the Republic of Lithuania on the Approval of the Compulsory State Insurance Fund Board Budget Indicators	Annex to the description of the business case (Annex 2)
Law on the Lithuanian Dental Chamber	Internet (Annex 1)
Political will and situation in the health care sector in terms of resource distribution, definition of doctor's salaries, etc.	Annex to the description of the business case (Annexes 3, 4, 5)
Progress with the implementation of health care reform and assessment of health care reform	Annex to the description of the business case (Annexes 3, 4, 5)

Economic aspect. What (e.g. macroeconomic and economic indicators) has the biggest influence on the company's economic environment?

Table 2. Economic analysis of the business environment

Recommended values of indicators	Mention of the recommended values of indicators in the description of the business case
Some indicators reflecting the overall economic situation in Lithuania: GDP, inflation, unemployment level, gross average monthly salary, consumption dynamics	Annex to the description of the business case (Annex 6)
Labour market, salary (unemployment level, monthly salary)	Annex to the description of the business case (Annexes 7, 8, 9)
Pension size (average monthly pension in Lithuania)	Annex to the description of the business case (Annex 10)
Number of inhabitants in Kaunas (number of inhabitants in Kaunas by age group (graphical representation), number of pensioners in Kaunas County)	Annex to the description of the business case (Annexes 11, 12, 13)
Funds allocated for health care by the state (the sum that the state allocates for individual health care per year, including dental health care, and the share of the sum per inhabitant in Lithuania (LTL 2,925,663,000 in 2011 / 3,207,100 inhabitants = LTL 912 / EUR 264 per inhabitant of the Republic of Lithuania in 2011))	Annex to the description of the business case (Annex 2)
The share of GDP allocated by the state for compulsory health care in Lithuania (total sum allocated by the state for compulsory health insurance in 2011 in relation to the Lithuania's forecasted GDP in 2011, with the assumption that the GDP will grow 3 per cent in 2011 (LTL 4,168,578,000 / 94,641,900,000 *1.03 = 4.28%))	Annex to the description of the business case (Annex 14)
The average share of GDP allocated for compulsory health care in	Annex to the description of the business case (Annex 3)

the EU and OSCE countries (the average share of GDP allocated by the EU and OSCE countries (2006): 6.6–8.9%.)	
Real estate prices (purchase and rent) in the city of Kaunas (commercial real estate prices [purchase and rent] in the city of Kaunas).	Annex to the description of the business case (Annex 15)
Indicators in the dental business sector (number of dental health care institutions in Kaunas, number of dentists per inhabitant in Kaunas, number of dentists working in Kaunas, average number of patients in Kaunas, average number of patient visits to dental health care institutions in Kaunas, average income of a dentist in Lithuania and in the city of Kaunas, average profit margin in the business sector).	Annex to the description of the business case (Annex 16)

Social aspect. What (e.g. social indicators, norms, traditions, opinions) has the biggest influence on the company's social environment?

Table 3. Social analysis of the business environment

Recommended values of indicators	Mention of the recommended values of indicators in the description of the business case
Ageing population (senior and elderly population dynamics)	Annex to the description of the business case (Annex 10, Annex 1)
Emigration (reduction in the number of able-bodied persons in Lithuania, changes in the ratio between the able-bodied and solvent persons and the number of pensioners)	Annex to the description of the business case (Annex 17)
Social networks and the internet (the power of social networks in the assessment of health care establishments and individual doctors, including the treatment methods they apply)	Internet (www.supermama.lt , www.sveikata24.lt , etc.);
People's awareness of health care services (internet portals, websites; information about events, free services, offers, discounts distributed over the internet and other distribution channels, the educational activities of various associations, interest groups, communities, etc.)	Internet (www.pincetas.lt , www.medicina.lt , www.pasveik.lt , etc.)
Public health indicators (ratio between the money the state allocates for curative and preventive services, including the respective dynamics, morbidity indicators, indicators reflecting the number of patient visits to health care establishments, including the respective dynamics, indicators on the health status of the population, etc.)	Annex to the description of the business case (Annexes 14, 18)
Social norms, traditions, opinions (the entrenched and emerging traditions in society to differentiate between private and public health care establishments, inclination to visit one type of health care establishment or the other and the number of actual visits, opinions about the two types of institutions, perceived quality of the services they provide and perceived satisfaction with their services)	Description of the business case (sections: 'Health care services in Lithuania: patient view', 'Health care institutions in Lithuania: patient view')

Technological aspect. What (e.g. technology and its prices, industrial standards, products and services offered by other (neighbouring) sectors, etc.) has the biggest influence on the company's technological environment?

Table 4. Technological analysis of the business environment

Recommended values of indicators	Mention of the recommended values of indicators in the description of the business case
Technology enabling access over the internet to information about health care services, the science and practice of health care (internet, more easily available and more abundant literature, i.e. books on the internet, portals, etc.)	Internet (www.medicina.lt , etc.)
Technological possibilities of getting registered for an appointment at a health care institution (internet, mobile phone)	Internet (websites of health care institutions)
Technological possibilities of paying for health care services, drugs, prostheses, and diagnosis (prepayment or delayed payment, payment by bank card, over the internet, by instalments, or by using accrued funds, etc.)	Internet (websites of health care institutions), Annex to the description of the business case (Annex 19)
Prices of dental health care technology (costs related to equipping a dentist's workplace)	Annex to the description of the business case (Annex 20)
Technological sophistication of patient flow management	Annex to the description of the business case (Annex 21)
Technological sophistication of dental health care equipment (technological sophistication of dental diagnostic equipment, accessibility of technology and equipment for health care institutions and for patients, investment necessary to purchase the required equipment and technology, including related operational, maintenance and upgrade costs)	Annex to the description of the business case (Annex 19)

1.2. Market analysis

Market analysis forms the basis and the biggest part of the strategic analysis (especially of the strategic analysis of external factors). Market analysis is usually performed in the following sequence:

1. **Market identification** (definition of those services that dental health care services compete with, including the geographic area in which the competition is taking place);
2. **Definition of market size** (calculation of the market size, market potential, and market capacity, including demand and market share);
3. **Definition of market growth** (calculation of historic values of market indicators such as market size, etc., including development trends);
4. **Definition of market trends** (phenomena identified and defined as a result of research and existing for a long time, emerging or disappearing, and exerting a major influence on the institutions operating on the market; these phenomena are subjected to a quantitative assessment, including forecasting the influence that they have on the profitability of different market players);
5. **Definition of critical success factors** (the factors that are vital for the implementation of the strategy here and now and help answer the question 'why the consumers or patients want us' and that define the required competencies and abilities necessary to successfully compete in the market; since they are vitally important, they are called critical success factors), including the completion of:
 - **consumer analysis,**

- **competitor analysis.**
- 6. **Definition of key success factors** (unlike the critical success factors that help ensure the competitiveness of a business here and now, the key success factors help ensure the long-term competitiveness of a company; since they help guarantee a company's competitive advantage in the long run, they are called key success factors);
- 7. **Establishment of the market attractiveness** (or profitability) **of the branch** (market, sector), including the completion of:
 - **structure and profitability analysis (five forces analysis).**

For training purposes, it would be expedient to perform the shorter version of market analysis since it is an extremely wide-ranging exercise. Moreover, splitting the market analysis into **five parts** and engaging in each of them as if it were a separate analysis is recommended.

- 1) It would be expedient to call part one of the analysis **market analysis or market identification**, and for the purpose of which the first four steps would be needed: 1) market identification, 2) definition of market size, 3) definition of market growth, 4) definition of market trends.
- 2) Then the critical (and key) success factors have to be defined, but in order to do that the following two questions representing two different types of analysis should be answered:
 - What do consumers want?
 - How do companies compete; how do they withstand competition?
 In order to answer the first question, it is necessary to perform a **consumer analysis** that would make up part two of the analysis.
- 3) In order to answer the second question, it is necessary to perform a **competitor analysis** and that would make up part three of the analysis.
- 4) After the two questions are answered, i.e. after the consumer analysis and the competitor analysis are completed, **success factors can be established**. That would make up part four of the analysis.
- 5) After the (critical and key) success factors are identified, it is necessary to establish the attractiveness of the branch, i.e. **to perform the structure and profitability analysis** (the five forces analysis), which would make up part five of the analysis.

Performing the market analysis by following the five steps listed above is recommended.

1.2.1. Market description

Describing the market by following the order presented above, i.e. by taking the following four steps, is recommended: 1) market identification, 2) definition of market size, 3) definition of market growth, 4) definition of market trends.

1.2.1.1. Market identification

For the purpose of market identification, the students should fill in the table presented below and define the market that they are analysing. Obviously, the market is the place where the buyers and the sellers meet. It is therefore necessary to establish who the buyers and the sellers are. Using the table presented below to define the sellers (dental health care service providers) is recommended.

Table 5. Market identification

	Very small market	Small market	Medium-sized market	Big market	Very big market
Dental health care service providers are all those who provide dental health care services	Sellers that do not provide dental treatment services, but sell painkillers in the city of Kaunas to relieve toothaches	Sellers that are engaged only in preventive dental health care in the city of Kaunas	Sellers that are engaged in preventive dental health care and treat some dental diseases in the city of Kaunas	Sellers that are engaged in preventive dental health care, treat all dental diseases, and provide their services to people that belong to different age groups and social strata in the city of Kaunas and Kaunas District	Sellers that are located in Kaunas and provide all dental health care, testing and consulting services to people of all age groups and social strata in the city of Kaunas and Kaunas District and to other inhabitants of Lithuania

Note: the table should be filled in based on logical reasoning and common understanding about the dental health care market.

In this case, it is worth choosing the widest possible market definition and defining the market more exactly in terms of the geographical dimension (the seller is physically located in the city of Kaunas, but the buyers of its services do not necessarily have to be from Kaunas only and may come from other geographical locations, too). In this case, **the market is defined as the market of dental health care services in the city of Kaunas**. This means that **the participants in the market** are all companies, institutions and organisation that provide some kind of dental health care services in the city of Kaunas and all the inhabitants or visitors of the city of Kaunas who buy dental health care services in the city of Kaunas.

It is worth mentioning that **the market** and **the target market** of a particular company are two different things. In other words, the strategic analysis starts with market identification and ends with the definition of the target market, i.e. the market for which the company develops its strategy, the market that the company lives on and earns its profit from, the market that all the company's services, efforts and future expectations are focussed on.

1.2.1.2. Definition of market size

To define the market size, it is necessary to make some calculations. To do this, the students should fill in the following table with the information they find in the annexes to the description of the business case and perform some calculations that will help define the market size.

Table 6. Definition of market size

Market participants	Indicators	Values
SELLERS	Number of dental health care establishments in Kaunas (in units)	200 (Annex 22)
	Number of dentists in Kaunas	337
BUYERS	Number of inhabitants in Kaunas County, including rural areas	647,500
	Number of inhabitants in Kaunas County, excluding rural areas	460,000
	Number of inhabitants in the city of Kaunas	337,000
	Visitors to Kaunas (arriving for work, treatment, studies, holidays, etc.)	33,000
DEALS	Total annual turnover of all companies in 2011, in LTL	62,555,000 (Annex 22)
	Total annual number of patient visits to all dental health care establishments located in Kaunas	674,500
	Average sum spent by one patient per visit, in LTL (calculated)	92.74

Note: the values presented in the table have been taken from Annex 22 and previous annexes.

Market size, i.e. the potential buyers of the service: visitors to Kaunas (for short-term purposes) + the number of inhabitants in Kaunas County, including rural areas (excluding children under 5 years of age) = 33,700 people plus 647,500 people minus approximately 33,000 people = **674,500 people or the total annual turnover of all dental health care companies in Kaunas, amounting to LTL 62,555,000.**

Market capacity is the size of the market, which according to different average indicator values (from other countries, other regions) should be bigger than the market that is actually covered (taken) by the companies operating on it. Since there is an educational establishment in Kaunas training dentists and a rather big share of the newly trained dentists stay to work in the city of Kaunas, the number of dentists per inhabitant in Kaunas is bigger than the average in any other city or region in Lithuania. It can therefore be concluded that the current market capacity equals the current market size: annual number of patient visits to a dentist (one patient visits a dentist once per year) x potential service buyers (674,500 people) = **674,500 annual patient visits to the dentists located in Kaunas.**

Market potential is the maximum number of consumers (patients) that may use the services of the dental clinics located in Kaunas multiplied by the speed of consumer (patient) turnover (average annual number of patient visits). There is no data (at least it has not been found) on the average number of annual patient visits to a dentist in other EU member states. It can therefore be concluded that a potential patient in Kaunas could pay two visits to a dentist per year (for various reasons) instead of just visiting a dentist once per year, and therefore the market potential = market capacity (674,500 annual patient visits to the dentists located in Kaunas) x 2 (speed of turnover) = **1,349,000 annual patient visits to dentists located in Kaunas.** It is difficult to say whether such an increase in patient visits would result in double the turnover (in LTL). For that reason, we will not make any forecasts with regard to this particular indicator.

1.2.1.3. Definition of market share

In order to define the market share, it is necessary to fill in the following table and to calculate the market share that the company has.

Table 7. Definition of market share

	Number of companies	Number of doctors	Annual revenue, Lt	Annual number of patient visits
Denticija	1	25	1,850,000	20,500
Other companies	219	312	60,705,000	654,000
Denticija's market share, %	0.4	7.4	2.95	3.1

Note: the values presented in the table have been taken from previous annexes or calculated based on data provided in previous annexes.

Denticija's market share amounts to 2.95% judging from revenue, but goes up to 3.1% judging from the number of patient visits. The number of dentists working for Denticija makes up 7.4% of all the dentists in Kaunas. There are 3.38 patient visits per business day per one dentist working for Denticija, and the average number of patient visits per business day per any other dentist working in Kaunas amounts to 8.66. The above disproportions are a source of information for the analysts (the students); on the basis of the above information conclusions about the company's efficiency indicators or development of a new company's strategy can be made.

1.2.1.4. Definition of market growth

In order to define the market growth, the students need to fill in the following table with information from the description of the business case and related annexes and then perform calculations.

Table 8. Definition of market growth

Year	Number of dental health care establishments in the city of Kaunas	Number of dentists in the city of Kaunas	Market capacity in terms of the number of annual patient visits to dentists	Market size in terms of population	Market size in terms of revenue, LTL
2007	80	295	663,738	677,284	60,000,000
2008	120	315	714,128	673,706	56,000,000
2009	150	300	616,902	670,546	45,000,000
2010	170	320	626,330	666,309	55,000,000
2011	200	337	647,500	647,500	62,555,000
2012	210	340	633,000	633,000	63,000,000
Average growth in 2007–	22%	3%	-1%	-1%	2%

2012 %					
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Note: the values presented in the table have been taken from Annex 22 and previous annexes, while some of the values are a result of respective calculations.

Market growth is calculated based on a number of different indicators for the preceding five years, including the figure forecast for the following year, which amounts to approximately 1%. The data shows changes that are taking place in the market, i.e. the number of dentists is growing faster than the market share is growing in terms of revenue, but the trend is for the dentists to establish a lot of new dental health care establishments (the growth in the number of such establishments amounts to 22 per cent over the past five years).

1.2.1.5. Definition of market trends

To define market trends, the students have to read the description of the business case and, together with the teacher, define the market trends that influence the market and the market players (reduce their profitability, increase or reduce the barriers to entering or exiting the market, strengthen or reduce competition, result in the merger of different business sectors, eliminate borders between different sectors, influence technologies and standards of service, etc.). We recommend for the students to fill in the following table.

Table 9. Definition of market trends

Areas where market trends exist	Market trends
Patient awareness about dental treatment methods	Patient awareness is improving because of the information available on the internet and the educational efforts of dentists. Introduction of painless treatment standard.
Patient awareness about dentists	Patient awareness is improving because of the information available on the internet. Internet-based assessment systems targeted at the professional competence of doctors are emerging.
Patient awareness about the substances used in dentistry	Patient awareness is improving because of the information available on the internet. Substances are becoming more sophisticated (stiffen faster, are harder, have better plasticity and endurance, serve longer, etc.)
Professional competence of dentists in terms of treatment	The emerging standard that 'treatment mistakes will be corrected at the dentist's expense'
Professional competence of dentists in terms of patient service	The emerging standard that 'there will be no waiting lists of patients'
Working methods applied by dentists	The emerging standard that 'prevention is better than cure', 'all diseases can be cured', 'treatment is not painful'
Treatment methods	The emerging standard that 'the right diagnosis is a prerequisite for the cure'
Treatment equipment and tools	The emerging standard that 'world class equipment is used'

Health care technologies	The emerging standard
Consumer-friendly service	Different forms of payment are acceptable (starting with pre-payment and continuing to payment by credit card or by instalments). Registration over the internet and telephone. Possibility to change the date and time of an appointment.

Note: the table has been filled in based on logical reasoning and common understanding about the dental health care market.

1.2.2. Consumer analysis

The aim of consumer analysis is to define those consumer groups (in our case patients) that have the biggest influence on the indicators that providers of dental health care services strive to achieve.

Therefore, consumer analysis requires the following analyses to be performed:

- 1) definition of the consumer characteristics that have the greatest influence on the profitability of dental health care establishments,
- 2) definition of the consumer segments that exist in the dental health care market in Kaunas,
- 3) definition of the consumer groups, if any, that have the biggest influence on profitability indicators.

These analyses should be performed in the order indicated above.

1.2.2.1. Definition of the influence that consumer characteristics have on the profitability of dental health care establishments

Using the following table to define the profitability indicators of each of the strategic groups of competitors is recommended.

Table 10. Definition of the consumer characteristics that have the greatest influence on the profitability of dental health care establishments

Strategic groups of competitors	Which of the consumer characteristics have the greatest influence on the profitability (or at least revenue) of dental health care establishments?				
	Patient income	Patient age	Patient loyalty	Patient awareness	Patient gender
Big non-specialised	+	+	+++	+++	+
Small specialised	+++	+++	+++	+	+
Big specialised	+++	+++	+++	+++	+
Total sum of values (number of pluses)	7	7	9	7	3

Note: the table has been filled in based on logical reasoning and common understanding about the dental health care market.

After this analysis is completed, for the purpose of further analysis it is worth considering only those characteristics that have received the biggest number of points (patient income, patient age, patient loyalty, patient awareness) and disregard those that were given the

smallest number of points (patient gender). Certainly, both the number of consumer characteristics and the number of points (pluses) each of them receives may vary a lot (and it depends on the logical and practical analysis of patients and potential patients). The teacher, together with the students, may therefore choose to engage in an analysis of other consumer characteristics that influence profitability.

1.2.2.2. Definition of consumer segments of dental health care service

Consumer analysis requires consumer segmentation. To define the consumer segments correctly when an exhaustive analysis is performed, consumer segmentation should be performed on the basis of a number of different criteria (consumer behaviour; demographic, geographic, and psychographic criteria; etc.). For the purpose of this particular business case, offering the students a list of segmentation factors that would enable them to assess the importance of every single factor both for the dental clinic and the strategic group is recommended. Performing the following consumer (patient) segmentation is suggested.

Table 11. Definition of the consumer segments characteristic of the dental health care market in Kaunas

Consumer segmentation criteria	Segmentation factors		
Demographic	Age	Gender	Education
	Residents of Lithuania	Economic migrants frequently returning to Lithuania	Accidental visitors (because of toothache, trauma, etc.)
Geographical	Residents of the city	Residents of suburban areas	Residents of other cities and countries
Psychological	Afraid of dental treatment	Avoiding dental treatment	Not afraid of dental treatment
	Mania-like disposition to dental care or readiness to blindly follow fashion (bleaching, implantation, etc.)	Taking care of the teeth in order to be healthy (feeling of comfort and safety, sureness about the future)	Convinced that there is no need to visit a dentist for the purpose of prevention
Social	Perfect dental care habits stemming from childhood	Average dental care skills and habits	Teeth are not taken care of
	Abundant knowledge about dental care and dental diseases	Informed about dental care, consequences of the failure to take proper care of their teeth and dental diseases	No knowledge about dental diseases, prevention or related impact on health
Cultural	Afraid of (current and future) dental diseases	Disregard dental care	Relate healthy teeth with education, intelligence, and a cultured way of life
	Loyal to the doctors that they know personally (always	Loyal to authority (always looking for doctors that are	Loyal to their geographical environment

	looking for acquaintances or specialists that previously offered good dental health care service)	famous for what they do)	(frequentering the establishments that are close to their homes)
Factual	Inherited healthy teeth	Inherited weak teeth	Inherited dental diseases
	Correctly informed by dentists about the health status of their teeth and the need for treatment	Incorrectly informed by doctors (due to lack of competence) about the health status of their teeth and the need for treatment	Incorrectly informed by doctors (striving for personal gain) about the health status of their teeth and the need for treatment

Note: the table has been filled in based on logical reasoning and common understanding about the dental health care market.

It is obvious that there are many segmentation criteria and the number of related factors is even bigger. In order to perform accurate segmentation, it is necessary to engage in an exhaustive consumer (patient) analysis (of actual factors and opinions) and to identify the real needs that motivate the patients to make an appointment with a dentist, i.e. prevention, need to feel secure, fashion, or disease. Patients should be grouped according to the need for dental health care services. Therefore, **singling out the following consumer (patient) groups is recommended:**

- Patients who visit dentists for preventive purposes or have minor dental health problems and usually have very good dental care habits stemming from their childhood. Most often they are better educated and are aware of the influence that the health status of their teeth has on their general health, they are not afraid or only slightly afraid of dental treatment, and they have no serious dental diseases. Usually they are of working age and have a job. Presumably, this group of patients makes up approximately 40% of all patients visiting dental health care institutions (**‘Prevention’ or ‘almost healthy’**).
- Children who visit dentists due to various reasons (because their parents care about the health of their children, because of paediatric dental diseases, etc.). Presumably, this group of patients makes up approximately 20% of all patients visiting dental health care institutions (**‘Children’**).
- Pensioners or senior citizen who visit dentists because of advanced diseases, because they need dental prosthesis, etc. Presumably, this group of patients makes up approximately 30% of all patients visiting dental health care institutions (**‘Senior citizens and pensioners’**).
- People of different age groups with very serious dental diseases. Presumably, this group of patients makes up approximately 10% of all patients visiting dental health care institutions (**‘Patients with serious dental health problems’**).

1.2.2.3. Definition of the influence that different consumer segments and consumer characteristics have on the profitability of dental health care establishments

This strategic consumer analysis is performed by comparing different consumer characteristics and consumer segments. For this purpose, the headings of the columns of

the table below contain consumer characteristics, and the consumer segments that influence the profitability of dental health care establishments are listed down the left-hand column of the table. Each of the characteristics indicated in the table should be assigned a respective weight, the sum of which should equal one. The weight assigned to each of the consumer characteristics should reflect the size of the influence that it has on the profitability of a dental health care establishment. Each of the segments then has to be given a respective number of points (from 1 to 5 or from 1 to 10) with respect to each of the consumer characteristics, and subsequently the weighted average should be calculated and indicated on the bottom line of the table. This helps to identify which of the consumer segments is the most valuable for the business.

Table 12. Consumer analysis: definition of the influence that different consumer segments and consumer characteristics have on profitability

Consumer segments	Characteristics that influence profitability				Total
	Patient loyalty 0.4	Patient income 0.3	Patient age 0.1	Patient awareness 0.2	
Prevention and almost healthy	5	5	1	5	4.6
Children	1	1	1	1	1
Senior citizens and pensioners	3	5	1	3	3.4
Patients with serious dental health problems	3	5	1	1	3

Note: the table has been filled in based on logical reasoning and common understanding about the dental health care market.

Certainly, in order to perform an extremely precise consumer analysis, the above calculations should be made for every strategic group of competitors. In addition, every strategic group may contain different segments. Moreover, every strategic group of competitors may have different characteristics influencing the profitability of dental health care establishments. Finally, the weight of every single characteristic in different strategic groups of competitors may differ, too. For training purposes (to make it simple) however, in this particular business case consumer analysis has been simplified. The outcome of the consumer analysis should therefore be a list of the most important consumer segments identified. The following consumer segments that have been listed in the order of importance (from the point of view of revenue and profitability) appear to be of most importance for the dental health care establishments that operate in Kaunas: 1) 'Prevention and almost healthy'; 2) 'Senior citizens and pensioners'; 3) 'Patients with serious dental health problems'; 4) 'Children'.

1.2.3. Analysis of competitors

Analysis of competitors may be very exhaustive and complicated (defining the groups of competitors operating in the dental health care market in Kaunas, defining the groups of competitors operating in the dental health care market in Lithuania as a whole and neighbouring foreign countries, defining the groups of competitors operating in every single area of dental health care [surgery, orthodontics, paediatric dentistry, etc.] and on

every level of dental health care [treating caries, jaw surgery, etc.], monitoring the dynamics of competitors [growth, reduction, mergers, increase in strength, upgrade of technologies and skills], etc.), but **the most important thing in performing the analysis of competitors is to define the strategic groups of competitors** because it makes a company aware of whom it is competing with and what the company's competitive edge in a particular group of competitors and outside of that group is.

Strategic groups of competitors are made up of companies (establishments that provide dental health care services) that follow a similar competitive strategy (i.e. offer similar prices and quality, use similar marketing tools and communication channels), and have similar characteristics (assets, revenue and cost structure, levels of investment, etc.), in other words, companies that apply similar strategies. Prior to defining the strategic groups of competitors however, the competitors have to be subjected to a number of different analyses to identify the characteristics on the basis of which different strategic groups could be formed, i.e. similarities in the patterns of competition have to be found. For that reason:

- 1) first of all, defining the types (sorts) of establishments that provide dental health care services is recommended;
- 2) then, developing data tables to define the key characteristics of competitors is recommended;
- 3) finally, the strategic groups of competitors have to be defined.

The analysis of competitors should be performed in the order indicated above.

1.2.3.1. Definition of the types of establishments that provide dental health care services

Naturally, defining the types of establishments that provide dental health care services is recommended first. Whether the establishments form part of the Lithuanian national health care system or not, they might have three different sources of financing (the state budget, private capital, and a mixture of private and public funding depending on the provisions of the agreement concluded between a particular establishment and the state). Helping the students to fill in the table presented below is recommended, because neither the description of the business case nor its annexes contain the information necessary to fill in the table (it has to be searched for in internet-based sources, for example, the laws of the Republic of Lithuania and other legal documents).

Table 13. Definition of the types of establishments that provide dental health care services

Sources of financing	State budget	Private and public funds	Private funds	Establishments that usually provide dental health care services
Types of establishments				
Institutions financed from the state budget	+	-	-	Policlinics, dental clinics
Public entities	+	-	-	Policlinics, dental clinics
Public entities	-	+	+	Family clinics / dental clinics
Sole proprietorship	-	+	+	Private dental practices
Public limited	-	+	+	Dental clinics

company, private limited company				
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Note: the table has been filled in based on logical reasoning and common understanding about the dental health care market.

The analysis helped define the following types of establishments that provide dental health care services:

- dental clinics,
- polyclinics,
- family clinics,
- private dental practices.
-

Defining some characteristics of the types of establishments that have been listed above is further recommended.

1.2.3.2. Definition of the key characteristics of competitors

One of the characteristics attributed to the establishments (companies, organisations) that provide dental health care services is the spectrum of services that they provide. It may be very broad or very narrow. A broad spectrum of services encompasses all the areas of dentistry, while a narrow scope of services encompasses only some of them (one or two). Yet another characteristic is the type of health care establishment. Dental health care services are provided by private dental practices, clinics, and polyclinics. A completed table based on the two characteristics that have been mentioned above can help define which of the dental health care services are **most often** provided by the selected types of health care establishments. This would help to obtain an approximate estimate of the share of dental health care services in the overall amount of services provided by health care establishments.

Table 14. The spectrum of dental health care services provided by different types of health care establishments

Spectrum of dental health care services	Private dental practices	Dental clinics	Family clinics	Polyclinics
Therapeutic dentistry (endodontistry and treatment of caries) (dentist, endodontist)	+	+	+	+
Orthopaedic dentistry (orthopaedic dentist)	-	+	-	+
Periodontology (periodontologist)	-	+	-	+
Paediatric dentistry (paediatric dentist)	-	+	+	+
Orthodontics (orthodontist)	+	+	+	+
Oral surgery (oral surgeon)	-	+	-	-
Prevention of oral diseases	+	+	+	+
Jaw surgery (maxillofacial surgeon)	-	+	-	-
Usual spectrum of services characteristic of the type of establishment	Narrow	Broad	Narrow	Average

Note: the values presented in the table have been taken from Annex 23

The size of a health care establishment can be defined based on the number of doctors working for it.

Table 15. Definition of the size of dental health care institutions

Number of doctors working for the institution	Private dental practices	Dental clinics	Family clinics	Policlinics
1–3	+	-	-	-
3–10	-	-	+	+
10–15	-	-	-	+
15–25	-	+	-	-
>25	-	+	-	-
Usual size by the type of establishment	Small company	Big company	Small company	Medium-sized company

Note: the table has been filled in based on logical reasoning and common understanding about the dental health care market.

The presumable average price level of the services offered by health care establishments can be defined by looking at the source of financing (the state budget, partly public, private), although to establish a more exact price level, it is necessary to analyse the market prices of dental health care services.

Table 16. Price level of the services offered by dental health care establishments

Source of financing	Private dental practices	Dental clinics	Family clinics	Policlinics
State budget	-	-	-	+
Big share of public funding	-	+	+	+
Small share of public funding	-	+	+	-
Private	+	-	-	-
Usual price level of the services offered by the type of establishment	High	Medium-high	Medium-high	Medium-low

Note: the table has been filled in based on logical reasoning and common understanding about the dental health care market.

The profitability of dental health care establishments can be defined based on the scope of services that they provide and the type of a dental health care establishment.

Table 17. Definition of profitability of dental health care establishments

Scope of services	Private dental practices	Dental clinics	Family clinics	Policlinics
Narrow	+	-	+	-
Medium	-	+	+	+
Wide	-	+	-	-
Usual profitability by the type of establishment	High	Medium-high	Medium-high	Medium-low

Note: the table has been filled in based on logical reasoning and common understanding about the dental health care market, including the data presented in Annex 16.

The technological level of dental health care establishments, which reflects the need for investment, can be defined based on the scope of services that they provide and the type of dental health care establishment. To define the precise need for investment and the exact technological level, it is necessary to perform an exhaustive analysis of the prevalence of dental technologies and the price level, including the amount of money that each establishment allocates for investments.

Table 18. Definition of the technological level of dental health care establishments

Scope of services	Private dental practices	Dental clinics	Family clinics	Policlinics
Narrow	+	-	+	-
Medium	-	+	+	+
Wide	-	+	-	-
Usual technological level of the type of establishment reflecting the need for investment	Low	Very high	Medium	Medium-low

Note: the table has been filled in based on logical reasoning and common understanding about the dental health care market.

Numerous other tables can be used to define different characteristics of dental health care services, especially those containing different numeric data on dental health care establishments (revenue, assets, number of employees, number of patients served, number of services provided, structure of the revenue that those services generate, etc.). The teacher may choose to provide the students with the said tables (that need to be filled in) and to ask them to collect the necessary data. For training purposes however, it is enough to use the tables that have been previously presented because they help the students understand that there is a multitude of different types of data about the market and the subjects that operate on the market, including an entire array of opportunities to analyse (group, compare) the establishments based on their characteristics, and that the market can be analysed in terms of a wide range of different aspects.

1.2.3.3. Definition of strategic groups of competitors

As mentioned previously, the most ardent competition takes place within a strategic group (because the strategies employed by the companies that belong to the same strategic group are similar and they apply similar methods of competition), but different strategic groups also compete among themselves (because companies in different strategic groups might focus on the same market segments or the consumers may not perceive the companies as separate entities even though they position themselves differently). The most popular method of defining strategic groups is to form strategic groups based on pairs of prevailing characteristics that reflect the differences in competitors best of all. In this particular business case, distinguishing **the following pair of characteristics is recommended**:

- the size of a dental health care establishment (big or small) because the previous analysis shows that the size of an establishment determines many of its characteristics; if the outcome of the previous analysis shows that there is any other characteristic that happens to be a more distinct feature of the said establishments than their size, considering that other characteristic is recommended;

- the spectrum (narrow or wide) of services provided by dental health care establishments because the previous analysis shows that the spectrum of services provided by a company is yet another important characteristic that does not necessarily correlate (or, to be more precise, does not correlate) with the size of the company but is a very important feature for this particular sector (the dental health care sector).

Presenting those two characteristics to the students in the form of a matrix (or a chart) is recommended. It is best to provide the students with an opportunity to fill in the empty boxes of the matrix (the chart) with values that they consider the most suitable. Using the following chart is recommended.

Table 19. Definition of the strategic groups of competitors in the dental health care sector

Size of a company	Big company	Policlinics (financed by the state budget)	Dental clinics (financed by the state budget and private capital), university hospitals
	Small company	Private dental practices (private) Family clinics (private)	-
		Spectrum of services	
		Narrow	Wide

Note: the table has been filled in based on logical reasoning and common understanding about the dental health care market.

This analysis is meant to define the strategic groups of competitors operating in the dental health care sector. According to the chart, there should be three of them. If the teacher, together with the students, decides to engage in a different type of analysis that results in the collection and discussion of a bigger amount of data, a different chart might be compiled and the number of strategic groups might be bigger (e.g. four, five, etc.). Singling out three strategic groups of competitors and indicating the competition methods that they use, including the advantages and disadvantages of the establishments in the competitive battle, is however recommended.

Table 20. Definition of the methods of competition used by different strategic groups of competing dental health care establishments

No.	Strategic group of competitors in the dental health care sector	Method of competition	Advantages	Disadvantages
1.	BIG NON-SPECIALISED Establishments financed by the state budget and historically located in policlinics that are situated in cities, regional centres, or towns and provide basic dental health care	Free-of-charge services	The usual dental health care services are provided free of charge or for a very low price.	Average quality of dental health care services, low quality of customer service (waiting lists), only some

	services.			services are provided
2.	SMALL SPECIALISED Small private establishments, family clinics (with one or several dentists working in them) or private establishments offering a narrow spectrum of services, or private dental practices.	Wide geographic prevalence (convenient for the patients), great service, high quality of services	Patients know the dentists, good service (no waiting lists), high quality of services	High prices, only some services are provided
3.	BIG SPECIALISED Big establishments or companies (private, public, or working under a contract with the State Patient Fund) offering a wide range of dental health care services (1. Kaunas Clinics: dental clinic, oral health care and paediatric dental clinic, dental and oral disease clinic, dental and jaw orthopaedics, maxillofacial surgery; 2. Denticija, UAB)	Treatment of complicated dental diseases, treatment and prevention of all dental diseases, all types of tests and top-level consultations, dental surgery	Good reputation, high quality of dental health care services, excellent technologies and equipment	Waiting lists, average quality of customer service

Note: the table has been filled in based on logical reasoning and common understanding about the dental health care market.

Defining the strategic groups of competitors helps identify the reasons that make the profitability of a branch higher than it is supposed to be in the midst of fierce competition (it must be concluded that the dental health care sector is made up of three internal sectors, each of which has a different structure and profitability). For that purpose it would be expedient to analyse the structure and the profitability of each of the strategic groups (five forces analysis), but the teacher and the students should use their own discretion to decide whether to do that analysis or not (it could be an additional task for the students to be completed independently).

1.2.4. Critical and key success factors

Finally, the market analysis can be summarised and completed by defining the critical and key success factors.

Critical success factors define the skills and competencies that a company must have to be able to compete in the market, while the **key success factors** are what a company needs to be able to successfully compete in the future for a long time.

Table 21. Definition of the critical and key success factors of dental health care establishments

Strategic group of competitors in the dental health care sector	Big non-specialised dental health care establishments	Small specialised dental health care establishments	Big specialised dental health care establishments
Needs of the patients (taken from the competitor analysis)—‘what do patients want?’ (the same information as in Table 20)	Polyclinics	Private dental practices, family clinics	Dental clinics
Competition method (taken from the competitor analysis)—‘what helps the company withstand competition?’ (the same information as in Table 20)	Free services or low prices	Patients know the dentists, good patient service, high quality of services	Good reputation, high quality of dental health care services, excellent technologies and equipment
Critical success factors—‘what must a company have to be able to operate in the dental health care market?’	Free or very cheap services	Close to the consumer, high quality, basic services	High quality, all dental health care services, treatment of complicated diseases
Key success factors—‘what ensures a long-term competitive edge in the dental health care market?’	<ol style="list-style-type: none"> 1. An establishment must have at least one licensed dentist. 2. An establishment must have at least one dental practice fully furnished with basic dental health care equipment. 3. Minimum reputation of a dentist (high qualification). 4. Application of modern methods, substances and technologies. 	<ol style="list-style-type: none"> 1. Widening the scope of dental health care services to the maximum (full service) 	<ol style="list-style-type: none"> 1. Impeccable reputation 1. Complex tests necessary in case of complicated diseases, accurate diagnosis. 2. Cure of complicated diseases. 3. Technological leadership.

Note: the table has been filled in based on logical reasoning and common understanding about the dental health care market.

1.2.5. Five forces analysis (structure and profitability) of the sector (branch)

The table presented below contains a structural assessment of the branch (sector) based on Porter’s five forces analysis. In reality the dental health care sector (industry, branch) can be affected by slightly different forces and for training purposes the table contains only approximate data.

Table 22. Definition of the structure and profitability of the dental health care sector

Forces that influence competition within the branch	Assessment	Comments
Competition in the dental health care service market, present number and strength of competitors	High	There are approximately 200 dental practices in Kaunas, which is a large number compared to the number of inhabitants in the city of Kaunas and other cities of Lithuania. For that reason, the competition in the dental health care sector of Kaunas is huge. The number of dentists per person is very big (in other words, the number of patients per dentist is very low) compared to other sectors of the health care industry or dental health care markets in other cities. Table No 6.
Threat of new competitors (establishments offering dental health care services) entering the dental health care market in Kaunas	Medium high	Barriers to entering the market (equipping a dental practice) are not big. It is not complicated and in comparison not expensive to equip a dental practice since the required premises can be rented and the equipment can be leased. The number of dentists in Kaunas is really big, because large numbers of them are trained at the University of Health Sciences in Kaunas. It is not difficult to obtain a dentist's licence (a dentist has to graduate from a specialised study programme and have money and a permit to establish a dental practice, which can be easily obtained, although it takes quite a bit of time and a lot of certificates, permits, licences, etc., but it is not too complicated). The risk of new competitors entering the market is therefore rather high because the barriers to it are not high (they are not too low, but not high either). The threat is however slightly diminished by the fact that the barriers to exiting the market are high because the demand for used equipment on the second-hand market is rather low, and if a team of dentists decide to close down their dental practice, it is rather difficult for them to find new jobs because of the huge amount of competition and the large number of dentists and dental practices that already exist in the market (although this is specific to the dental health care sector in the city of Kaunas and is caused by the University of Health Sciences being located in Kaunas). Table No 7.
The negotiating power of the suppliers to the dental health care business, i.e. companies that supply equipment, substances, and other services to dental practices	Low	The number of vendors that supply dental health care equipment, instruments, and related substances is very high and their replacement costs are low. As a result, the barriers to entering and exiting the market are becoming lower. Table No 8.

<p>The negotiating power of the consumers of the dental health care service, i.e. the patients</p>	<p>Medium- low</p>	<p>On the one hand, the number of patients per dentist is not high. It seems, therefore, that the negotiating power of the patients must be high. But on the other hand, patients migrate from one dental practice to another, and therefore the loss of one patient does not hurt a dental practice or a dentist that much. Some patients are extremely well informed about dental treatment, including the quality of dental health care services and the work of the dentist, while others know nothing about it. For this reason, sometimes dentists have no other way but negotiate with the patients, while on some occasions there is no need for them to negotiate. Dental health care services, just like other health care services, are not a strength of the patients (buyers). Their negotiating power is therefore medium-low.</p>
<p>Threat of substitutes to dental health care services</p>	<p>Low</p>	<p>Although the quality of dental health care services (equipment, technologies, diagnoses, treatment, etc.) is noticeably improving, all doctors and practices are improving at a similar speed. Moreover, there is no such thing as a substitute for dental care, except for two other alternatives, i.e. not to use dental health care services at all (and take extremely good care of your teeth or not take care of your teeth at all) or to replace your natural teeth with implants. The first option (to take such good care of your teeth that there is no need for dental health care services) could be rather widely prevalent, but in reality only a very small number of people engage in intensive care of their teeth (due to being lazy or not knowing how to do it or habits such as smoking, eating teeth-damaging food, etc.). The second substitute (to replace all the teeth with implants) also could be more widely prevalent, but it is rather expensive and is therefore used by a very small number of people. In addition, even if people take excellent care of their teeth and even if they have all of their natural teeth replaced with implants, they still need to pay regular visits to a dentist for consultations. For that reason, the threat of substitutes to dental health care services is low.</p>

Note: the table has been filled in based on logical reasoning and common understanding about the dental health care market.

The completion of the structure and profitability analysis of the branch (the sector of dental health care services) should result in the final conclusion on whether the establishments operating within the sector have the necessary prerequisites to be profitable. This conclusion can be arrived at as a result of establishing the size of the competition within the branch (sector). If the competition is significant, the profitability of the establishments operating within the sector should be small, but if the competition is minimal, the average profitability should be high. In our case the following conclusion can be made: **the competition within the sector (dental health care service sector in the city of Kaunas) is medium-high**. In that case, the profitability should be medium-low, but the actual profitability is medium (higher than medium-low), i.e. higher than it might be expected to be. It should therefore be concluded that a more detailed analysis is necessary in order to determine whether the sector is made up of several sectors with low competition, resulting in higher profitability for the sector as a whole (a separate sector can be made of large dental health care establishments operating in Kaunas, small dental

health care establishments operating in Kaunas, the dental health care market that exists in Kaunas District, the dental health care market in Lithuania, etc.). After the analysis of competitors is completed and the strategic groups of competitors are defined, the students could independently engage in the structure and profitability analysis.

2. Strategic analysis of internal factors

2.1. Analysis of the strategic capabilities of a company

To analyse the strategic capabilities of a company, it is necessary to:

- 1) define all the resources that the company has and assess them;
- 2) define the company's resources that make it possible for the company to compete in the market, i.e. the threshold resources;
- 3) define the unique resources of the company, i.e. those that ensure its long-term advantage;
- 4) define the company's competencies and assess them;
- 5) define the company's competencies that make it possible for the company to compete in the market, i.e. the threshold competencies;
- 6) define the core competencies of the company, i.e. those that ensure its long-term advantage (usually three questions about the core competencies of a company are asked).

The resources and the competencies that have been mentioned above and that enable a company to compete in the market **are the capabilities that make it possible for a company to survive in the market** (threshold capabilities).

A company's unique resources and core competencies that ensure its long-term advantage in the market **are the strategic capabilities of a company**. The said strategic capabilities are nothing else but the core competencies of a company to use the unique resources that it has. It (when a company is capable of using its resources) is called the strategic capability (-ies) of a company.

In order to complete this task, the students will need the tables presented below, but prior to that they have to be presented a table containing all the previously mentioned terminology.

Table 23. Capabilities, resources and competencies of a company

Threshold capabilities	Threshold resources (resources that make it possible for the company to compete)	Threshold competencies (competencies that make it possible for the company to compete)
Capabilities	Unique resources (resources that ensure a long-term advantage for the company)	Core competencies (competencies that ensure a long-term advantage for the company)
Strategic capabilities	Resources and competencies	
	Resources Competencies	

Note: the values presented in the table have been taken from Annex 24

The tables presented further in the document are listed in the order that has been described previously.

2.1.1. The company's resources and their assessment

Table 24. Definition of Denticija's resources

Type of resources		Strengths	Weaknesses
Tangible	Physical	<ul style="list-style-type: none"> • The key technological equipment was purchased in 2005. • The tools were purchased and renewed in 2005. • Large, renovated premises that are located in the centre of Kaunas. 	<ul style="list-style-type: none"> • The equipment is a bit obsolescent. • The major part of the building is not being used and is not even renovated.
	Financial	<ul style="list-style-type: none"> • A lot of property. 	<ul style="list-style-type: none"> • Big depreciation expenses. • Small net profit.
Intangible	Technologies	<ul style="list-style-type: none"> • Diagnostic software. 	<ul style="list-style-type: none"> • -
	Reputation	<ul style="list-style-type: none"> • Well-known in Kaunas and in Lithuania for its professional competence and large team of various specialists. 	<ul style="list-style-type: none"> • Its reputation has deteriorated due to the inability of the company to spot and make proper use of its capabilities.
Intellectual/ Human	Skills and knowledge (professionalism)	<ul style="list-style-type: none"> • Competent dentists highly experienced in dental health care. • A famous director who can boast of an excellent reputation and a huge amount of experience in health care, including managerial experience and connections. • The staff is encouraged to continue learning and upgrading their knowledge. 	<ul style="list-style-type: none"> • -
	Motivation	<ul style="list-style-type: none"> • - 	<ul style="list-style-type: none"> • The motivation of dentists has deteriorated because of low salaries.

Note: the table has been filled in based on logical reasoning and common understanding about Denticija, a dental clinic in Kaunas; some of the values presented in the table have been taken from Annex 19 and Annex 25.

2.1.2. Definition of threshold resources in the dental health care sector

Table 25. Definition of threshold resources in the dental health care sector

Type of resources		Description of threshold resources
Tangible	Physical	<ul style="list-style-type: none"> • Premises that meet hygienic requirements • Minimum amount of dental health care equipment
	Financial	<ul style="list-style-type: none"> • -
Intangible	Technologies	<ul style="list-style-type: none"> • -
	Reputation	<ul style="list-style-type: none"> • -
Intellectual	Skills and knowledge	<ul style="list-style-type: none"> • Licensed dentists

Note: the table has been filled in based on logical reasoning and common understanding about the dental health care market.

2.1.3. Definition of the company's unique resources

Table 26. Definition of Denticija's unique resources

Type of resources		Description of unique resources
Tangible	Physical	<ul style="list-style-type: none"> • A historic building of original design located in the centre of Kaunas. • A lot of empty premises in the building for the expansion of the company's activities. • Newly purchased modern equipment and tools.
	Financial	<ul style="list-style-type: none"> • Possibility to attract private investments.
Intangible	Technologies	<ul style="list-style-type: none"> • Software to manage technological equipment (for diagnostics, tests, treatment).
	Reputation	<ul style="list-style-type: none"> • The reputation and the professionalism of the doctors are valued both in Kaunas and in the rest of Lithuania.
Intellectual	Skills and knowledge	<ul style="list-style-type: none"> • Long-term traditions promote internal upgrading, professional development, and achievement; they also allow the company to preserve its reputation, ensure top quality dental care, and offer a wide spectrum of complex services.

Note: the table has been filled in based on logical reasoning and common understanding about Denticija, a dental clinic in Kaunas; some of the values presented in the table have been taken from Annex 25.

2.1.4. Definition of the company's competencies

Table 27. Definition of Denticija's competencies

Type and description of competencies		Assessment
Competence of collective learning in the organisation	Competence to accrue, upgrade and transfer knowledge, skills, and know-how.	Mediocre.
	Competence to harmonise existing skills, enabling the company to provide different services.	Average.
	Competence to harmonise different technological knowledge.	Low.

Communication competence	Competence enabling vertical and horizontal internal communication.	Low.
	Competence to communicate to the market about the services, the prices, the situation of the company, etc.	Low.
Competence in empowering	Competence to get all the employees of the company involved in the development of the company's strategy.	Low.
	Competence to get all the employees of the company involved in the implementation of the company's strategy.	Low.
	Competence to ensure the conditions necessary for the employees to feel and behave like the owners of the company.	Low.
Innovation competence	Competence to develop and combine innovative services, products and technologies.	Average.
	Competence to create innovations that would change the sector or the industrial standards that are valid within the sector.	None.
Management competence	Competence to create a management structure that would comply with the company's strategy and would make the best use of the existing competencies (effectiveness).	Mediocre.
	Competence to search for and find innovative structures and forms of business management, including business development prospects.	Low.
	Competence to adapt the structure to accommodate internal and external changes.	Low.
	Competence to develop an operating and efficient internal management structure.	Mediocre.
	Competence to single out and define separate business units within the company, including their number, mutual relations, and effectiveness (competence to develop a corporate structure).	Low.
Organisational development competence	Competence to introduce necessary and prospective changes.	Average.
	Organisational competence to adapt to changes.	Low.

Note: the table has been filled in based on logical reasoning and common understanding about Denticija, a dental clinic in Kaunas.

2.1.5. Definition of the threshold competencies in the dental health care sector

Table 28. Definition of the threshold competencies in the dental health care sector

Competencies	Description of threshold competencies
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Competence to accrue, upgrade and transfer knowledge, skills and know-how.	<ul style="list-style-type: none"> • Every dental health care establishment (just like every other health care establishment) must continuously upgrade and accrue medical knowledge. This is rather easy to ensure in the area of health care because not a single medical practice can operate without a medical licence, and it is obligatory for medical staff to upgrade their knowledge.
Competence to develop an operating and efficient internal management structure.	<ul style="list-style-type: none"> • Every dental health care establishment must develop at least a primitive management structure enabling it to register, consult and treat patients. This is rather easy to ensure in health care establishments because their management structure is rather strictly defined by the very process of health care, while the science of health care determines many constituent parts of a health care service.

Note: the table has been filled in based on logical reasoning and common understanding about the dental health care market.

2.1.6. Definition of the company's core competencies

Table 29. Definition of Denticija's core competencies

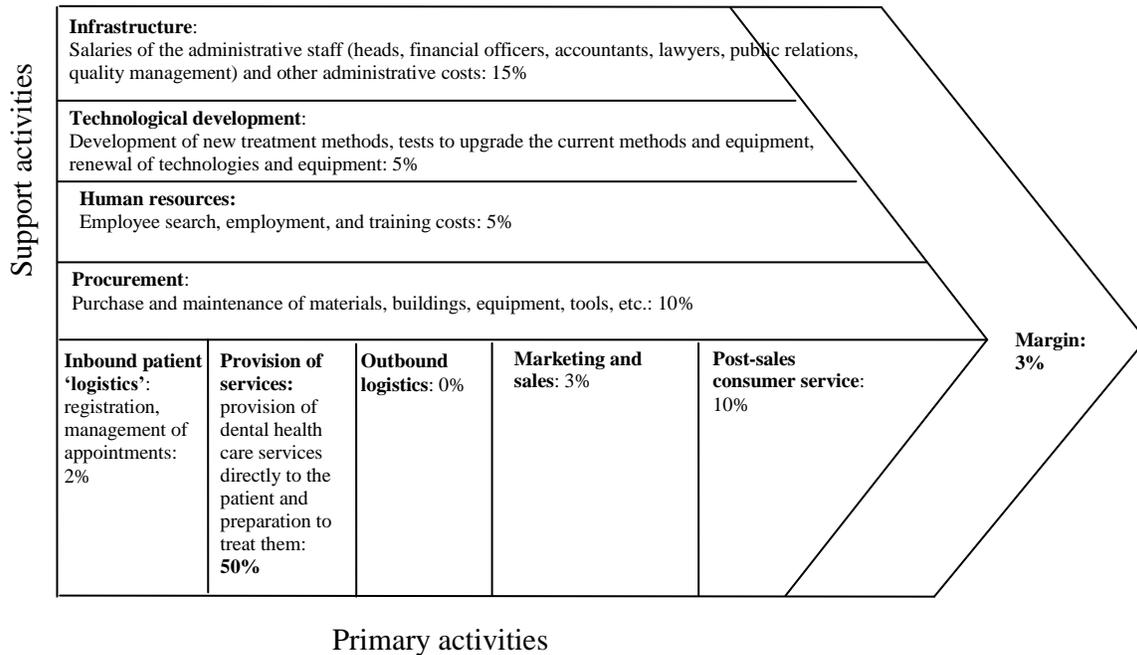
Core competencies	Core competencies
Are there competencies that enable the company (show the company's potential) to enter many different markets?	<ul style="list-style-type: none"> • No.
Are there competencies that make the company's services more valuable to clients (patients) than the same services provided by other establishments?	<ul style="list-style-type: none"> • Yes. The feeling of security that the patients are in the hands of highly skilled specialists who are professional in a multitude of different areas of dental health care and are able to ensure high quality services and related patient satisfaction.
Are there competencies that would be difficult for competitors to copy, imitate or replicate?	<ul style="list-style-type: none"> • No, if the competitor is the dental clinic of Kaunas Medical University. Yes, if the competitor is any other dental health care establishment. This establishment has a big team of highly qualified specialists.

Note: the table has been filled in based on logical reasoning and common understanding about Denticija, a dental clinic in Kaunas.

2.2. Value creation analysis of the company

Introducing students to the classic value chain (Porter, 1985) is recommended. It is worth providing the students with a possibility to fill in the table presented below depicting the value chain. Ask the students to first of all use their own discretion to define the activities that make up each component of the value chain (e.g. in Denticija's case, what comprises 'Infrastructure', what comprises 'Technological development', etc.), and then ask them to establish the amount of the company's costs attributed to each of the defined activities (if exact financial calculations are not available, an expert assessment (forecast, guess) would come in handy).

Table 30. Definition of Denticija’s value chain (developed by the example of the value chain of production companies)



Note: the values presented in the table have been taken from Annex 26.

7.4. Summary

It has already been mentioned that the strategic analysis of external and internal factors is meant for training purposes only because:

- it is based on approximate data that is far from being exact;
- some of the data has been invented for training purposes;
- the structure, the composite parts, and the layers of the analysis have been simplified;
- the analysis is rather shallow, is of an explorative nature, and is meant to help understand the principles of analysis;
- a strategic analysis can be performed differently and by using a different set of analytic tools.

Usually, the SWOT analysis makes up the final component of a strategic analysis or naturally ends it. The SWOT analysis is not the teaching goal of this business case, however. Should the teacher or the students wish to continue working on the business case, they can further proceed with the SWOT analysis, but it is not necessary in our case. Nonetheless, the teacher should explain to the students that if they decide to proceed with the SWOT analysis, they should repeatedly review the strategic analysis that they have already completed, reflect on its outcomes, and select and systematise those parts of it that will result in both logical conclusions and creative insights about the threats and opportunities that the company is facing on the market, including its strengths and weaknesses.

8. Teaching objective of the business case (tasks for students)

After the students, with the help of the teacher, collect all the data necessary to complete the tables that have been presented (perform the complete strategic analysis of external and internal factors) and learn all the methods that have been covered here, **the teacher should end the class** (exercise, analysis of the business case, solution) **by making** (voicing, explaining, writing down) **the following conclusions** (that make up the teaching objectives of this particular business case):

- **Students have learned** how to perform different types of analyses that may be treated as separate analysis methods (tools).
- **Students have understood** that analytical tools (methods) are merely a way to perform an analysis by adopting a certain point of view and that these tools also teach them to select the correct data for that particular point of view.
- **Students have learned** to relate individual analytical tools (methods) into one whole in order to perform a strategic analysis of external factors and a strategic analysis of internal factors.
- **Students have understood** how big the scope of a strategic business analysis is, what stages it is made of, and how much effort it requires.
- **Students have understood** that the strength of a strategic analysis depends on the intellectual effort and on the time allocated to collect the required data; on how exact and abundant the data is; and on the ability to analyse, systematise, process and interpret the data.
- **Students have understood** that it is easy to make a mistake when interpreting the available data, and that mistake might easily result in an incorrect company strategy. The feasibility of a mistake becomes greater if the data is too scarce or not accurate enough, or if the data is incorrectly analysed, resulting in groundless conclusions. Adopting the wrong strategy leads a company to average success (or to an 'average failure').
- **Students have understood** that the amount of data provided in the description of the business case is close to the quantity available in reality and that most companies have a similar data package about the company and its environment.
- **Students have understood** that the data necessary to perform the analysis can be found in a number of different sources that can be located as a result of attentive search, logical reasoning, insightfulness, and intelligence, and that a lot of data about the market, competitors and consumers can be found in national regulatory documents (laws, acts, decrees), national statistics, methodological material offered by associated agencies, company websites, periodicals (articles, reviews), and academic literature (studies, other reports resulting from scientific research, reviews).
- **Students have understood** that for a company to have a good business strategy it is necessary to (continuously and periodically) engage in strategic analysis, which is not possible without monitoring the external environment (the market, competitors, clients, potential clients, etc.) and the internal environment (the company's staff and their behaviour, the impact of the managerial tools used and related outcomes, etc.), and to have a way to continuously and systematically accumulate and analyse data. This should make the students understand that it is not enough to engage in unfocussed data collection and analysis because it would require a lot of effort and lead to nowhere. For the company to find its place in the market and be able to successfully compete, it is necessary to collect the right data and interpret it the right way.
- **Students have understood** that a strategic analysis requires strategic knowledge and that it is not enough merely to rely on logical reasoning and common sense or

intuition, which means that a strategic analysis can be performed only by a qualified specialist.

- **Students have understood** that in order to perform a strategic analysis it is necessary to have both numeric (quantitative) and qualitative data (even more of the latter is necessary), which makes the analysis a complex and complicated effort.
- **Students have understood** that the strategic analysis that they have performed (irrespective of how shallow it has been) is only the first step (or, to be more exact, the two first steps of the seven) that needs to be taken to develop a strategy. Moreover, the seven steps (the teacher should briefly discuss them with the students) take them only half way to the goal (or even less) because it takes even more time and effort to implement the strategy. All of that must be done just to lead the company out of the wrong way and have it turn towards the right direction.
- **Students have understood** that in order to manage a business it is necessary to have a strategy and that it is not enough to merely take actions, expend effort, or have good intentions; it (business management) requires both knowledge and a lot of purposeful actions (a lot of work to collect and analyse data, to have everybody involved in the development and, even more so, in the implementation of the strategy).
- **Students have understood** that in its content and form the company that they have just analysed is not different from other establishments, companies and organisations that offer professional services (universities, consultancy companies, hospitals, schools, etc.). This particular business case could therefore have been given the name of any other company that provides professional services, especially if that company is a business of average success (or average failure).
- **Students have understood** that having a business of average success equals having a business of average failure and that large numbers of companies that operate in the market have no strategy (which means that they have not done any strategic analysis and have no knowledge of how it is done).
- **Students have understood** that it is an enormous waste of time, expectations and effort (from the side of the managers, the owners, the staff and the clients) to be a business of average success (or be an average failure) and that the best solution is to learn to manage the business (develop and implement strategies). The lack of management (or poor or incorrect management) results in lost income and careers; lessons that have never been learned; and disappointment and continuous dissatisfaction with oneself, the company, the business, the branch, the colleagues, the managers, the owners, the clients, the state, and society. All of it entails enormous economic and psychological losses.

Certainly, the list of conclusions could be even longer. The list above contains the recommended conclusions, but the teacher may arrive at them in a different way from the one that has been offered (by discussing with the students and asking the students to formulate the conclusions or by inviting them to form discussion groups that would arrive at conclusions, etc.).