



Business Strategy for Hospital A (RSIA) Denpasar City with Business Model Canvas (BMC)

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ABSTRACT

The role of RSIA is less to provide real benefits to the community and has the potential to go bankrupt if there is no improvement in management. The indicators can be seen from the decline in visitation rates by 10% in 2022 and 5% in 2023, high employee turnover, hospital image through Google Reviews resulting in low average scores, and complaints on various services provided by the hospital. This study aims to map Hospital A's business model using the business model canvas so that the strengths, weaknesses, opportunities, and threats that could potentially harm the hospital can be identified. Data collection was conducted using interviews with triangulation techniques to key informants, comparison informants, and expert informants. The research approach is positivism or qualitative, which emphasizes meaning. The findings obtained are that Hospital A's market segmentation is the lower middle class with the application of vertical growth; in the value propositions block there are shortcomings such as no new services and technology, lack of communication, poor service, interior and exterior design using and needing renewal, and inadequate facilities, but has advantages in terms of price and cleanliness; in the channel block, strategic location but does not have good visibility; in the customer relationship block, there is different service treatment between room classes; hospital revenue streams from usage fees and brokerage fees; physical resources of employees are inadequate with untimely salary payments; in the key partnership block, the hospital collaborates with midwives and clinics.

Keywords: brand equity, business model canvas, and restructuring strategy

INTRODUCTION

Health is a key driver in a country's economy. A healthy society makes it easier to carry out various social activities such as studying and working so that the wheels of the economy move, reduce unemployment, and contribute taxes to the Government (Hojjat & Hojatt, 2021; Iwu et al., 2020; Organization, 2019). The hospital started as Rumah Bersalin A which was established in 2006 by Dr. I Wayan A, Sp. Og and Dr. Ni Made A with limited services at that time such as ANC (antenatal care) for pregnant women, maternity services, baby room, joint practice of specialists, and pharmacy. Based on

patient feedback and business reviews in the field, there was an expectation from patients for a hospital that specialized in maternity services as well as services for children. This expectation is based on the comfort of pregnant women when experiencing pregnancy and childbirth examinations (Clark et al., 2015; Lowdermilk et al., 2019).

However, based on data collected from patients, field practice experience, and other data, there is an indication of problems with Hospital A's business model and the potential for bankruptcy in the future if not managed properly. Improvements to Hospital A's business model will be proposed after obtaining sufficient evidence of problems at Hospital A. Several reviews on google reviews state that patient dissatisfaction is found so that the rating is 3.6. This is also an iceberg phenomenon, where many patients do not want to leave comments but like unfavorable comments. Hospital A management must immediately fix the problems experienced by the hospital so that the level of patient visits does not decrease again and the employee turnover rate can be reduced so that the provision of quality services to patients can increase. Improvements to the value proposition are useful for providing product value that is profitable and in accordance with patient needs (Cardeal et al., 2020).

Previous research shows that many private hospitals have difficulty maintaining competitiveness in an increasingly tight market. For example, research by Cardeal et al. (2020) emphasized the importance of updates in the business model to improve patient satisfaction and operational effectiveness. In this context, the novelty of this study lies in mapping the RSIA's business model using the Business Model Canvas (BMC), which makes it possible to identify in more depth the strengths, weaknesses, opportunities, and threats facing the hospital. With this approach, it is expected to provide clear and focused recommendations for management improvement and service quality improvement, which in turn can prevent the potential bankruptcy of the hospital. This research aims to offer a relevant restructuring strategy so that RSIA can survive and thrive amidst the existing challenges.

RESEARCH METHODS

In this study, researchers used primary sources (data sources that directly provide data to data collectors) and secondary data sources (taking data that has been processed by other parties). The first level, secondary data from primary sources such as previous research or raw data without interpretation. The second level, secondary data from secondary data, namely sources from books, encyclopedias, articles, newspapers, and so on. The third level is secondary data from tertiary sources, which is the interpretation of secondary sources. Data collection is carried out with the aim of proving propositions. For this reason, it is necessary to determine the data collection method that is appropriate for each variable in order to obtain valid and reliable information. There are various data collection techniques that can be used in accordance with the research objectives, including interviews, observation, questionnaires or questionnaires and documentaries.

Although qualitative research is positivism, which observes phenomena without attempting to generalize (outside Hospital A), qualitative research also has a way to test the quality of the data that has been collected. The technique is called the data validity test. The data validity test carried out in this study is a multi-method strategy, verbatim participant language. Make complete and detailed notes both for the source of the situation and for the person. Mechanical data recording. Participants as researchers. Member checking. Data analysis technique Data analysis is a research rule that must be carried out by researchers because analysis activities are intended to answer research questions. Data analysis is carried out pre-field analysis, data analysis in the field, presenting and verifying data validity.

The first systematic research procedure is to transcribe the data by participating word by word according to the format. Reading the data obtained many times, while reducing information that overlaps or is repeatedly conveyed by informants. Seeing the significance of the data obtained. Categorizing, classifying or coding or taking the core information conveyed. The results of this classification are then labeled in a special format. Looking for patterns or themes that bind one to another. Designing a framework to get the essence of what was conveyed. The research was conducted at RSIA A in a period of 4 months from May to August 2024.

RESULTS AND DISCUSSION

The interview questions used to interview respondents came from explanations or descriptions contained in Pigneur & Osterwalder's book regarding the canvas model. There are nine blocks of the business model canvas namely customer segments, value propositions, channels, customer relationships, revenue streams, key resources, key activities, key partnerships, and cost structures using a qualitative approach. Data collection was done by interviewing three types of informants: key, comparator, and expert. Not all questions were asked to each informant as it relates to the relevance of the data collected. The next process was data transcription, in which the data was converted from recorded form (audio or video) to written form. After the research data transcription process was completed, the next step was to reduce the research data. The reduction action was carried out by removing irrelevant data. The next step is data triangulation, where this triangulation technique aims to validate data or findings using various sources which aim to increase the credibility and reliability of the research results. Triangulation in this study was applied after coding the research data. Triangulation is only done when there are differences in answers between informants so that it needs to be reviewed using other data collection methods.

The hospital is located in Denpasar with a primary focus on maternal and child health services. The hospital started as a maternity clinic and later developed into a Mother and Child Hospital (RSIA). The hospital applies a vertical strategy rather than horizontal with the aim of specialization. Specialization makes the hospital focus on using a name/image that is already strong in the eyes of the community and patients with a focus on improving related competencies. The advantages of specialization are: a) improved efficiency and quality. By focusing on one specific area, the hospital can develop more in-depth skills and knowledge; b) providing high quality services or products where specialization allows more attention to the details of a particular area resulting in higher quality products or services relevant to patient needs; c) meeting the special needs of the market or patients by developing services tailored to patient needs, d) finally maximizing resources. These four points if used properly will result in a competitive advantage. Although competitors have more varied health services, if the quality of certain health services is better at Hospital A (RSIA), then patients will still use services at Hospital A (RSIA). The market segmentation of Hospital A (RSIA) is general from upper to lower class.

The weaknesses of other value proposition aspects in Hospital A (RSIA) are services that are less dexterous, communicative, easy to get services, and the act of differentiating service treatment between room classes. According to patients, different aspects should only be in room facilities because by paying more expensive, these patients get different facilities such as private rooms, air conditioning, mattresses for waiting guests, and so on. In the channel aspect block, this hospital is in a strategic location or in the middle of the city so that it can be easily reached by patients. However, it is still constrained in terms of its visibility. The customer relationship aspect is the next weakness owned by Hospital A (RSIA). The services obtained by patients may be considered easy, but not good. There is an assessment that Hospital A (RSIA) is not serious in dealing with patients because the equipment used

seems casual. In the key resources element or block, patients assess physical resources at Hospital A (RSIA) as inadequate to support work. In terms of salary payments, Hospital A (RSIA) employees assess that hospitals are often late when paying salaries. Even now the hospital has a policy, dividing payments in 2 periods for 1 month.

Based on the analysis of strengths, weaknesses, opportunities, and potential threats potentially accepted by Hospital A (RSIA), resulting in strategic management stages of planning, organizing, implementing, controlling and evaluating.

A. Strategy Planning or Formulation

Strategy formulation is to provide relevant strategy proposals based on the mapping of advantages, weaknesses, opportunities, and threats that the hospital has the potential to obtain. the company's strategy mapping is divided into three, namely corporate strategy, business strategy, and functional strategy. Corporate strategy consists of three main strategies, namely growth strategy, delay (stability), and rentrehcment (savings, health, or cost reduction). Based on the description above, there are four strategies that can be carried out to overcome the weaknesses of Hospital A (RSIA). Here are the four strategies:

Table 1 Four Types of SWOT Strategies

Opportunity			
Weaknesses	Column 3: Restructuring Strategy	Column 1: Aggressive Strategy	Power
	Column 4 Survival Strategy	Column 2: Diversification Strategy	
Threat			

In this case, the strategy chosen and considered the most relevant is the restructuring strategy. Restructuring is a strategy that focuses on improving and strengthening weak internal aspects before exploring opportunities or overcoming threats. By addressing existing weaknesses, such as improving service quality, accelerating communication processes, and increasing employee satisfaction, Hospital A (RSIA) can build a stronger foundation.

After the corporate strategy is known, the next planning is to choose a business strategy, between competitive and cooperative strategies. The following are the reasons for choosing the business strategy:

- Differentiation focus: RSIA's specialize in maternal and child services so that the hospital can increase its competence in maternal and child services, for example by providing PGT-A services and increasing the number of female doctors or nurses for patients who object to being treated by male medical personnel.
- Cost focus: RSIA is unable to exercise cost leadership due to its specific target market and specialized resources. In addition, patients also perceive RSIA as having a price advantage.
- Cooperative strategy through strategic partnerships by collaborating with midwives or clinics to achieve mutually beneficial strategic goals.

The proposed functional strategies related to marketing, finance, operations, and HR management are as follows:

Table 2. Strategy Planning

Corporate Strategy	Corporate Sub Strategy	Business Strategy	Functional Strategy
Growth	Concentration		
	Diversification		
Delay	Shut up		
	No change		
	Profit		
Rentrechment strategy	Turnaround: changing the organization's strategy through restructuring and improving the quality of the business.	Focus on differentiation: 1. Services 2. Technology 3. HR	Marketing strategy: 1. Segmentation: all circles (lower, middle, and upper) 2. Target: maintain maternal and child specialization 3. Positioning: maintaining different facilities between room classes
	Captive	Cost focus: maintaining a lower price image than competitors	Operational strategy: 1. Adding new services or methods of care for mothers and children. 2. Procure damaged work equipment. 3. Update interior and exterior design 4. Improve hospital visibility 5. Improving service procedures 6. Establish strategic partnerships with midwives and clinics
	Exit	Cooperative strategy: establish partnerships with midwives and other clinics	HR Strategy: 1. Provide training to improve service quality 2. Review performance-oriented reward schemes 3. Increase female medical personnel
			Financial strategy: 1. Reduce cross-subsidization of loss-making business units and focus more on profitable ones. 2. Investment to replace broken equipment 3. Investment to open services that add value to maternal and child services

B. Organizing

Build a chain of command or optimize the existing organizational structure and assign certain responsibilities or specific tasks or a number of stages of work to HR (Human Resources) either individually or in groups (Ashkenas et al., 2015; Berman et al., 2021; DeCenzo et al., 2016; Dong et al., 2023; Dumas et al., 2018). The following is the distribution of operational strategy implementation to the parties that can be involved:

Table 3. Strategy Organization

Functional Strategy	Description	Parties Involved
Marketing Strategy	Segmentation: all walks of life	Marketing
	Target: specialization in maternal and child care	
	Positioning: maintaining different facilities between room classes	
Operational Strategy	Adding new services or methods of care for mothers and children, such as PGT-A, etc.	HR, Director, Finance, and General
	Procure damaged equipment	Finance, Director, and General
	Update interior and exterior design	Director, General and Finance
	Improve hospital visibility	Director, General and Finance
	Improving service procedures	General
	Establish strategic partnerships	Marketing
HR Strategy	Provide training to improve service quality	HR and supervisors of each division/department
	Review performance-oriented reward schemes	HR
	Increase medical personnel	HR and supervisors of each division or department
Financial Strategy	Reduce cross-subsidization of loss-making business units and focus more on profitable ones.	Director and operations
	Investment to replace broken equipment	Director, Finance, and Manager of each division or department
	Investment to open services that add value to mothers and children	Director and Finance

C. Strategy Implementation

Strategy implementation is often called an operational plan because it consists of a number of programs (activities) involving company human resources and is supported by standardized implementation procedures and a proper budget.

Table 4. Strategy Implementation

Functional Strategy	Description	Activities
Marketing Strategy	Segmentation: all walks of life	1. Collect local market data and analyze patient needs 2. Customize marketing communications to reach identified segments (social media, brochures, etc.)
	Target: specialization in maternal and child care	Organizing educational events or seminars related to maternal and child health
	Positioning: maintaining different facilities between room classes	Ensure the facilities meet the expectations of each room
Operational Strategy	Adding new services or methods of care for mothers and children, such as PGT-A, etc.	1. Conduct a service study to create a new service 2. Organize technical training for HR related to new services 3. Gradual rollout of services with piloting and evaluation
	Procure damaged equipment	1. Inventory damaged equipment and prioritize replacement 2. Tender or purchase with quality control

Functional Strategy	Description	Activities
		3. Integrating new equipment into the service system
	Updating the interior and exterior design	1. Survey of things of interest to patients 2. Drawing up a design plan with professional architecture 3. Determine budget and timeline
	Improve hospital visibility	Make signs and improve lighting
	Improving service procedures	1. Organize workshops or internal meetings to revise service SOPs 2. Provide retraining for staff to implement new procedures
	Establish strategic partnerships	1. Identifying potential partners 2. Make a mutually beneficial cooperation agreement
	HR Strategy	
	Provide training to improve service quality	1. Develop curriculum according to the needs of each division 2. Invite external experts or trainers for training programs 3. Monitor the work of medical personnel
	Review performance-oriented reward schemes	Analyze the tasks and jobs of each employee to determine appropriate reward criteria.
	Increase medical personnel	1. Analyzing workload to determine the need for medical personnel 2. Measuring nurse performance 3. Conduct recruitment through internal channels, partnerships, or wide publicity
Financial Strategy	Reduce cross-subsidization of loss-making business units and focus more on profitable ones.	1. Identify loss-making business units through financial statements 2. Identify how important the business unit is to hospital operations 3. Discontinue or reduce operating costs if the business unit is not essential
	Investment to replace broken equipment	1. Prioritize purchases according to their impact on service quality 2. Conduct a service study to establish new services
	Investment to open services that add value to mothers and children	1. Conduct market research to determine new service needs 2. Make an ROI study before launching the service

D. Evaluation and Control of Strategy Implementation

At the end of the strategic management preparation process is to evaluate and control the strategy. At this stage, the company evaluates the company's performance using certain performance measures. Performance measurement can be done quantitatively and qualitatively. Quantitative performance measurement consists of determining marketing, finance, HR, and operations performance indicators, while qualitative performance measurement consists of company activities conducting customer satisfaction surveys, employees, and other surveys that support company performance (Adivar et al., 2019; Gagarinskaia et al., 2019; Korenková et al., 2019; Spekle & Verbeeten, 2014).

Table 5. Strategy Evaluation and Control

Functional Strategy	Activities	Evaluation and Control
Marketing Strategy	1. Collect local market data and analyze patient needs	1. Periodic patient satisfaction surveys of room facilities
	2. Customize marketing communications to reach identified segments (social media, brochures, etc.)	2. Internal audit to ensure educational events or seminars, related to maternal and child health
	Organizing educational events or seminars related to maternal and child health	3. Internal audit to analyze the marketing communication style
	Ensure the facilities meet the expectations of each room	
Operational Strategy	1. Conduct a service study to create a new service	1. Comparison of marketing and technical aspects to profit potential
	2. Organize technical training for HR related to new services	2. Employee satisfaction survey related to training received
	3. Gradual rollout of services with piloting and evaluation	3. KPIs for each employee trained
		4. Regular patient satisfaction surveys on new services
	1. Inventory damaged equipment and prioritize replacement	1. Inventory documentation of equipment quantity and condition
	2. Tender or purchase with quality control	2. Documentation of vendor evaluation in terms of price, quality, technical specifications or after-sales service
	3. Integrating new equipment into the service system	3. Performance of new equipment, level of service interruption, and user understanding of using new equipment
	1. Survey of things of interest to patients	1. Patient participation and satisfaction
	2. Drawing up a design plan with professional architecture	2. Architectural survey in terms of price, time, specifications, etc.
	3. Determine budget and work schedule	3. Management approval document for architectural design
		4. Budget approval document
		5. Document the parties involved and their duties and responsibilities
	Make signs and improve lighting	Patient survey on visibility of signage and lighting
HR Strategy	1. Organize workshops or internal meetings to revise service SOPs	1. Documentation of the final SOP that has been approved by interested parties
	2. Provide retraining for staff to implement new procedures	2. KPI of employees trained
	1. Identifying potential partners	1. SWOT analysis of potential partners
	2. Make a mutually beneficial cooperation agreement	2. Documentation of agreements made
		3. Partner satisfaction survey on cooperation
HR Strategy	1. Develop curriculum according to the needs of each division	1. Regular curriculum evaluation
	2. Invite external experts or	2. Trainee employee satisfaction survey
		3. KPI of employees trained

Functional Strategy	Activities	Evaluation and Control
	trainers for training programs	
	3. Monitor the work of medical personnel	
	Analyze the tasks and jobs of each employee to determine appropriate reward criteria.	1. Employee satisfaction survey on workload 2. Regular evaluation of job descriptions 3. Patient satisfaction survey
	1. Analyzing workload to determine the need for medical personnel	1. Employee job satisfaction on workload 2. Employee KPIs
	2. Measuring nurse performance	3. Survey of time spent in completing tasks
	3. Conduct recruitment through internal channels, partnerships, or wide publicity	4. Results of job needs analysis, job descriptions, and job descriptions 5. Monitor recruitment in accordance with procedures and approvals from both HR and users.
Financial Strategy	1. Identify loss-making business units through financial statements	Feasibility study between patient needs against loss-making units and hospital finances.
	2. Identify how important the business unit is to hospital operations	
	3. Discontinue or reduce operating costs if the business unit is not essential	
	1. Prioritize purchases according to their impact on service quality	1. Feasibility study of new services 2. Patient satisfaction surveys for services that have new facilities or equipment
	2. Conduct a service study to establish new services	
	1. Conduct market research to determine new service needs	1. Market research study 2. Financial feasibility study
	2. Make an ROI study before launching the service	

CONCLUSION

Based on the results of the analysis and discussion previously described, the conclusions of this study are as follows. First, the description of the business model of Hospital A (RSIA) using business model canvas mapping shows that the RSIA's customer segment is the lower middle class, with a focus on maternal and child health services. This focus is due to the vertical growth applied by RSIA without any diversification strategy. Second, in the value proposition block, RSIA lacks new services and technology, is less communicative, and has interior and exterior designs that need to be updated and inadequate facilities, but RSIA has advantages in terms of price and cleanliness. Third, in the channel block, RSIA is located in the center of Denpasar, but its visibility is not good. Fourth, in the customer relationship block, patients find it easy to get service, but get different treatment based on room class. Fifth, the RSIA's source of income comes from utilization fees, such as medical service fees, laboratory and diagnostic fees, facility service fees, and drug fees. The second source of income from RSIA is intermediary fees. Sixth, in key resources, physical resources to support employees are inadequate,

accompanied by untimely salary payments. Seventh, in the key activity block, the hospital was considered capable of solving patient problems amidst various service quality deficiencies. Eighth, in the partnership key, RSIA has an extensive network with various midwives and clinics. Ninth, in managing the cost structure, RSIA maintains loss-making business units by cross-subsidizing profitable business units. Tenth, the development strategy that should be carried out by RSIA, given the weaknesses that are stronger than the hospital's advantages, is to implement a restructuring strategy.

The health strategy that Hospital A (RSIA) should implement is as follows: restore the policy of paying salaries once a month; update work equipment that is no longer adequate; improve service quality by improving treatment response, communication, and implementing an appointment management system using mobile JKN so that patients get certainty about doctors and treatment times; update interior and exterior designs with the latest models; do not provide different treatment between general patients and BPJS; consider giving discounts to employees' families as part of rewards for outstanding employees; increase the number of nurses so that services can be carried out quickly; increase visibility by adding lighting and replacing signs to make them larger; and increase employee honesty by implementing a whistleblowing system.

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