



health information, a lack of financial resources and the need for more government leadership aimed at improving the health of the poorest members of society. The report calls for rapid increases in training and employment of health care workforces, and stronger government-community relationships.

The *World Health Report 2003 — Shaping the Future* can be ordered from the HMPG book department at a cost of R120. SAMA members will receive their usual discount.

## PRACTICE MANAGEMENT

### BUSINESS PLANNING, PART IV

#### Product/service portfolio analysis

The product portfolio of your practice includes all the separate services or products that the practice provides to its customers.

Although practices have traditionally been viewed as a one-stop shop that provides an integrated service, it is important to dissect this integrated service into separate service or product lines in order to:

- Determine the profitability of each service or product. Such an analysis facilitates logical decisions on resource allocation and the future of each product or service.
- Determine the life-cycle stage of each product or service. It is essential to maintain a spread of services across the various life-cycle stages to ensure that product lines in a declining phase are compensated for by new products or services in the development phase.
- Prioritise internal resource allocation.

#### Practice product portfolio

A practice product portfolio could include the following service or products:

##### Consultation services

- General
- Obesity
- Aviation medicine
- Insurance medical
- After-hour consultations.

##### Contractual appointments

- District surgeon
- Private sector occupational health services.

##### Diagnostic services

- Stress ECG
- Lung functions.

##### Surgical services

- Surgical procedures
- Assistant fees during surgical procedures.

##### Obstetric services

- Antenatal services
- Sonars
- Deliveries.

##### Dispensing services

##### Research services

- Clinical trials for pharmaceutical companies.

#### Product life cycle

Five phases have been described in the life cycle of any product/service. These are:

##### • Development phase

Typically services in this stage have few users but also few competitors.

##### • Growth phase

In this phase demand for the service increases, competitors start emerging and a fight for market share develops.

##### • Shake-out phase

Customers become more selective in where they purchase the service, an oversupply of providers exists, and a shake-out of the weakest of these suppliers takes place.

##### • Maturity phase

The users of the service have reached saturation. Providers focus on refining their share of the market and find it difficult to grow market share. Emphasis is placed on service efficiency and keeping costs low.

##### • Decline phase

Number of uses of the service declines and some of the providers leave the market. Selective redistribution of market share takes place between remaining providers.



## Product profitability

A convenient mechanism for determining the profitability of products is to use the Boston Matrix — this matrix places products according to two criteria, namely market share and market growth rate.

Market growth rate ↑	Question marks	Stars
	Dogs	Cash cows
	Market share →	

**Dogs** — With small market share and a slow growth rate dogs will drain your cash flow for no future reward. Dogs should be put out of their misery as soon as possible.

**Question marks** — Here you have to decide the future of this service. Small market share in a rapidly growing market either needs investment to grow market share or a decision to stop the service.

**Cash cows** — The high market share will provide good cash flow. However, due to the slow market growth, this cash flow will not last forever. New products or services need to be in the pipeline to replace existing cash cows.

**Stars** — Usually require capital investment from the cash cows to maintain market share in a rapidly growing market.

*Excerpted with permission from the Business Planning Section of the Distance Learning Practice Management Programme of the Foundation for Professional Development of SAMA. For information on the FPD courses contact Annaline Maasdorp, tel (012) 481-2034; e-mail: annalinem@samedical.org*

## CAMBRIDGE AFRICA COLLECTION

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### The Moral Economy of AIDS in South Africa

NICOLI NATTRASS

CAMBRIDGE

In this important new study the author uses economic tools to address the costs and benefits of various policy options in an accessible manner.

This book presents a history of AIDS policy in South Africa and provides an expert analysis of the macroeconomic impact of AIDS. The relationship between AIDS and poverty as well as the challenges this poses for development, inequality and social solidarity is discussed. Finally, an economic and social case for expanded AIDS prevention and treatment intervention is made.

*The Moral Economy of AIDS in South Africa* is a valuable resource for readers with an interest in AIDS policy and the social and economic implications of the pandemic.

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