



To : Principal Partners
Q&M Dental Surgery
From : The Research Team

Date : 22 February 2001

Situation Analysis of Q&M Dental Surgery (Q&M)

A strategic analysis has been executed to diagnose the organisational effectiveness of Q&M. The organisation's current strategies in view of its operating environment were evaluated.

The Organisation's Current Orientation

Currently the mission of Q&M leaves room for balance between its external and internal orientation. Its external orientation has neglected an internal perspective of how Q&M can align its strategic resources to achieve fit between its vision and external environment.

Strategic planning is presently conducted on an informal basis among 3 principal partners – no systematic planning process is in place. Market information is primarily gathered from peer interactions at professional networks. Strategic evaluation and control are presently based on financial performance figures alone. However, this performance indicator is not comprehensive enough for a service-based organisation. Q&M will need to incorporate "customer satisfaction" and "staff performance" as criteria for evaluation and control.

The growth strategy has been impressive in enabling Q&M to gain a foothold in the private sector with its remarkable establishment of 10 clinics within 2 years, making it the second largest dental chain behind Universal Dental (14 branches). However, the marketing scope requires a redefinition, as Q&M has inadvertently targeted the middle-income group by locating its operations in housing estates.

The objectives of Q&M at present are not comprehensive enough for it to become a public company, as it has overlooked certain critical success factors. 4 critical success factors have been identified: (i) infrastructure, (ii) staff (dentists and nurses), (iii) fulfilment of customer needs and (iv) profits and growth. From observations and analysis, the factors of infrastructure and nurses/staff have been oversights. It is imperative that management recognise the intricate interrelationship between the elements and not ignore any. Firstly, infrastructure provides the foundation for daily operations. Secondly, while the expertise and professionalism of the dentists is critical in providing treatment, it should be stressed that the training and development of the nurses is equally influential towards customer service delivery. The synthesis of these factors leads to customer needs fulfilment, of which will widen the customer base and subsequently lead to a growth in profits. Q&M's performance required for listing can only be realised with a clear acknowledgement of the systemic interactions of these factors.

S.W.O.T. Analysis

In the existing fragmented and static market where 70% are single or double outlet businesses, Q&M is well positioned to be a rule-maker. Q&M possesses a marked financial capability to act in the market based on its collective strength of 10 operations. Future significant investments in the chain can reap economies of scale.



Presently, the core competency of providing quality (painless and friendly) dental treatment has been well developed. This has been achieved through the recruitment and development of a team of dentists with diversity of expertise and high level of professionalism. The extensive local and foreign network established by the partners has provided a strong avenue to sustain the core competency.

A key organisational concern is the prevailing lack of formalised procedures and human resource policies. The rapid chain expansion has not been matched with a necessary degree of formalisation. As a result, inefficiency and counter-productivity is apparent in daily operations. Additionally, a high turnover of nurses is evident. As nurses are largely responsible for the frontline service, management needs, with renewed urgency, to review the prioritising of nurses as critical stakeholders. Coherence and consistency is deficient and have resulted in variances in customer service delivery from different branches. This is highly likely to threaten the branding of Q&M in its pursuit of growth in due course.

Strategic opportunities which should be leveraged in the horizon, include the Ministry of Health's intention in extending school dental service to secondary schools. A potentially rich market, customer lock-in can be created by establishing loyalty with new student-customers in their early years. Also, as Singapore's ageing population is estimated to rise from 10% to 27% by year 2030, this trend will unquestionably create increased demand for specialised dental healthcare for the elderly. Finally, the industrial assumption of long waiting time for treatment has gone largely unchallenged. Should Q&M seize the opportunity of discontinuity and contest it, Q&M will undoubtedly break new ground in the industry and complement its expansion to become a revolutionary leader.

However, challenges abound in the external environment. With accelerating deregulation and privatisation, the global and local industries are progressing towards a convergence of the medical and dental sectors. With rewritten marketing boundaries, competition will escalate with entrants from the medical sector, public and foreign institutions. However, as Q&M has a financial capability (to act) this presents an excellent opportunity for future diversification and creation of new competitive space and boundaries.

Additionally, competency-based learning for the academic curriculum in dentistry is currently revised to be cross-disciplined. This is likely to produce a new breed of dentists with new skills and preferences. Future government regulations on dentistry are likely to be changed in view of this. As a direct result, Q&M will be pressed to have the dentist team to upgrade their skills constantly.

As Q&M strides forward in its quest to turn public, the impetus for growth compels for a minor re-crafting of strategy. Key recommendations to foster long-term business development will follow in 6 weeks time.

Thank you and best regards.

The Research Team