Healthcare Organization SWOT Analysis

Institutional Affiliation

Date

**Introduction**

When managing a healthcare organization, it is always important to access and maintain updates of the organization’s strong and weak point regarding its ability to compete with other healthcare organizations in the same market. United health group is a leading organization in the healthcare industry, both in the united states and globally. This paper will focus on how the organization can maintain a prominent market position in the healthcare industry by analyzing the strengths, weaknesses, opportunities and threats both internally and externally.

**Strengths**

Being among the leading healthcare organizations, UnitedHealth group has various strengths which make it withstand competition and flourish in the healthcare market. The strengths help the organization to face the current market conditions and penetrate new markets as well. A key strength of united healthcare is the high level of customer satisfaction. The organization has established a marketing department that is dedicated towards the management of customer relationship and has maintained high customer satisfaction within the current customers, as well as presenting potential customers with good brand equity.

The organization has also established a strong brand portfolio over the years in which it has been heavily investing. The organization’s powerful brand portfolio is highly useful once the company decides to increase the product categories. UnitedHealth Group has a strong merchant community, whereby it has cultivated strong values among dealers and distributors who promote the organization’s products. They also invest heavily in training the marketing and sales team to explain to clients how they can rip maximum benefits from the organization’s products. The organization has a strong free cash flow that which makes resources available for UnitedHealth group to expand products and services provision as well as venture into new projects (Wijngaarden, Scholten & Wijk, 2012).

UnitedHealth group offers diversified healthcare products and services which its customers and stakeholders benefit from, as well as providing essential improvement compared to other products. The distribution network is strong enough and reliable to reach all its potential market. UnitedHealth group has been able to successfully integrate complementary companies in the form of acquisition and mergers. The ability to integrate various technology firms to streamline the organization’s operations and establish a stable supply chain is a notable strength of the organization. The organization has also recorded a consistently high rate of customer-base growth over the past years which adds to its competitivity.

**Weaknesses**

Despite the strengths, UnitedHealth can still improve on some key areas. UnitedHealth Group is not very good at predicting product demand which has increased the rate of missed market opportunities compared to its rivals. A significant reason why the inventory of the days is higher than that of its rivals is that the organization is not very smart at predicting demand, therefore, end up storing higher inventory both in channel and in-house. UnitedHealth group largely depends on the American market, and almost all of the organization’s revenue is derived from the domestic market. It is therefore exposed to high risks and uncertainties due to uncertainties in the American market as well as economic fluctuations.

UnitedHealth Group has a higher attrition rate on its workforce compared to its closest rivals. This means that the organization has to spend more in training and career development of its workforce, which is a key weakness that gives its competitors an advantage (Christiansen, 2002). Despite product success in terms of sale, the unique selling proposition and positioning is not defined clearly. Hence competitors may attack this market segment. Product marketing of the organization therefore leaves a lot to be desired. UnitedHealth group has not enjoyed much success in integrating companies with a different dimension of work culture, although it has successfully merged smaller firms. Depending on the vision of the organization in terms of expansion plans, the organization needs to invest more in technology that will successfully integrate the expansion process both locally and abroad.

**Opportunities**

Acquisition and mergers are continuously increasing the market share of UnitedHealth group, which is an opportunity to add income and modify the organization’s portfolio. The increased customer spending power after slow growth rate in the healthcare industry and recession is an opportunity for the organization to increase its market share and capture new customers. UnitedHealth Group has an opportunity to penetrate the new potential market as a result of the new trade agreement with the government and free government trade, in its efforts to open up the markets. The new environmental policies that have been enacted present UnitedHealth group with an opportunity because they are going to create a level and free playing field for all healthcare industry players (Leung et al., 2013).

It is an opportunity to utilize its advantage in the emergent technology and get a share in the market for a new product. UnitedHealth group has the opportunity to invest heavily in the adjacent product market segment because of its free and stable cash flow. The organization has the opportunity to partner with financial institutions such as banks to access capital for investing in new technology and new product segments. The green drive by the government is another opportunity for the products and services of UnitedHealth group to be procured by the federal and state government contractors thus increasing income as well as strengthening the brand.

**Threats**

UnitedHealth group faces some threats to remain competitive in the healthcare market. The organization is under threat of inadequate skilled labor and workforce in the specific global market which can slow the income and profit growth rate. An economic recession can cause an increase in expenses and cost and increase the pressure for the decrease in prices. UnitedHealth group faces the threat of intense competition. The number of players in the healthcare industry has increased due to stable profitability. The entire industry has recently enjoyed a lot of pressure on profitability and massive sales abroad, which is attracting more investors to compete with UnitedHealth group. The organization also faces the threat of various lawsuits and compliance regulations in different markets. This can continuously cause fluctuations regarding the standard of products in those particular markets.

UnitedHealth group faces a threat of reduced profitability due to the increased wage bill among the united states’ workforce with the standard being set at 15 dollars per hour (Stroh, 2005). This rising pay increases the cost of production thus reducing profits. Some high profitable products are only in demand during peak seasons, which affects the continuous and entire profitability. The local distributors are growing in strength, which threatens some markets because competition within the domestic distributors is paying higher margins. The UnitedHealth group also faces the threat of complex federal and state laws which may be controversial to the organization’s growth and expansion policies.

**Conclusion**

From the above SWOT analysis, the information can be used by the management and marketing department of the organization to maximize the strengths and opportunities to increase income and profitability. This SWOT analysis will enable the organization to gauge its position in the healthcare industry market and its ability to withstand competition in the current and future market. The information can be used to allocate resources and time appropriately, to minimize the weaknesses and threats thus ensuring that the organization’s resources and time are not wasted. This SWOT analysis information can be used by the organization management to coordinate all the departments to efficiently improve marketing and give the organization a competitive advantage over competitors.

References

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