MARKETING INNOVATION TO MENTAL HEALTH PROVIDERS

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ABSTRACT: The authors describe one nonprofit provider organization's (NPO) revenue diversification strategy of new product development. A partnership was formed between the NPO and a market research organization to effectively market the products. It was found that target market segmentation and an evolving product differentiation strategy were important in revising test protocols in order to create a successful end product.

The volatility of the current and anticipated payor-driven, outcome-oriented and consumer-sensitive mental health care environment has led many nonprofit provider organizations (NPOs) to consider adopting the revenue diversification strategies advocated by Skloot (1983). The process of marketing research, design, development, and management of a diversified service or product portfolio is a highly complex, technical resource-intensive, and high risk strategy for most community mental health providers (Kotler, 1975).

NPOs desiring to extend core competencies into new markets face substantial obstacles in achieving reasonable return on investment from such operations. Drucker (1985), Bryson (1986), and others support the authors' experience that product-based diversification strategies often fail to achieve satisfactory results for much of the same reason that most small business operations fail, because they are poorly planned, inadequately resourced, and not based on sound marketing principles.

NPOs undertaking product development and marketing strategies face formidable structural, operational, financial, and human resource challenges. While a thorough discussion and review of these elements is beyond the thrust of this article, an overview of frequently encountered missteps may be found in

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Hardy (1986), particularly those affecting organizational readiness and pre-development, product research and development, and early product life cycle phases.

This study highlights one NPO's revenue diversification strategy utilizing its acquired competence with new psychoeducational technology. Prototype products were subjected to product development and a product test marketing design, focusing on analysis of response of target market segments.

Quinco Consulting Center (QCC) is a mental health provider serving five counties in southeastern Indiana. Established in 1971, it provides a continuum of inpatient, outpatient, partial hospitalization, emergency, consultation and education, and EAP services. In the mid-1980s the growing demand for services and shrinking public resources for mental health stimulated innovation in service delivery through creative use of new technology. A secondary strategy of creating new products based on QCC's growing competence with new technology, was initiated for the mental health market. Through a portfolio analysis, QCC evaluated the strengths and weaknesses of current products and services.

Like other innovative mental health providers, QCC had increased psychoeducational approaches within the organization. These approaches, combining educational and behavioral health methodologies, offered unique opportunities for more effective use of clinical resources, a tactic largely unused in the community mental health environment. QCC developed prototypes for multi-module psychoeducational programs that were designated Life-Work Products. Each module contained a curriculum and a presentation script integrated with overhead transparencies; the module units were packaged in an oversized three-ring binder for use with a variety of audiences as marketing, public relations, or pre-therapeutic treatment tools. The first products focused on high-incidence, non-acute mental health issues including stress management and managing life transitions.

QCC tested the prototypes with a market rollout of eight Life-Work Products: The Community Education Series, Rushin' Roulette, Breaking Through, One to Grow On, Skill Crafters, SuperVision, Stress for Success, and Transitions, coupled with training and consulting services by the Quinco team. Initial efforts focused on selected state and regional mental health conference presentations and exhibit displays. This 14-month market test resulted in only limited product exposure and disappointing sales.

Following this initial rollout, QCC considered that greater results might be attained through a relationship with a marketing and distribution partner with experience in research, product development, and sales in the national mental health market. QCC required marketing and distribution expertise that would provide:

- A structure analysis of the national target market to provide market definition, segmentation, and positioning strategies.