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## A Strategic Audit of Medical Solutions

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A Strategic Audit of Medical Solutions

An Undergraduate Honors Thesis

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by

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### **Abstract**

Medical Solutions is a healthcare staffing company that primarily staffs travel nurses. A travel nurse is a licensed, registered nurse who accepts temporary assignment on a contract basis. Founded in 2001 Medical Solutions has grown to include six brands, seven locations, staffing in all 50 states. This report is an industry analysis to better understand their business model. Ranging from external to internal analysis using a PESTE analysis, Porter's 5 Forces, a SWOT analysis, their competitive advantage, and future recommendations to continue their differentiation approach.

Keywords: strategy, strategic audit, Medical Solutions, staffing agency, travel nurse, traveling nurse

## **A Strategic Audit of Medical Solutions**

### **Company Overview**

Medical Solutions is a healthcare staffing company founded in 2001 that primarily staffs traveling nurses. A travel nurse (or traveling nurse or traveler) is a licensed, registered nurse who accepts temporary assignment on a contract basis. They welcomed PPR Talent Management Group to their family in 2017 and in 2019 acquired C&A Industries. They have seven locations throughout the United States including the closest location and corporate headquarters in Omaha, Nebraska. They staff nurses in all fifty states, Washington D.C., and Guam. The brands affiliated under Medical Solutions include Aureus Medical Group, Aureus Group, AurStaff, Celebrity Staff, and C&A Industries. Currently, Medical Solutions is the fourth largest healthcare staffing firm in the United States.

Medical Solutions operates on two fronts, the client side and the staff side. On the client side, healthcare facilities contact Medical Solutions for an approach to staffing that fits their facility and needs. Oftentimes this leads to a partnership that expands their candidate network. On the staff side, healthcare professionals fill out an application and Medical Solutions matches them with an opportunity matching their skill set. The average assignments are 13 weeks but can range anywhere between four and 24.

There are several competitors in the healthcare staffing industry. Two of their big competitors in Omaha are Triage and Prime Time Healthcare. Triage was founded in 2006. They operate in five different divisions of acute care including nursing, lab, radiology, rehabilitation therapy, and cardiopulmonary. On the other hand, Prime Time Healthcare deals with registered nurses, licensed practical nurses, and certified nursing assistants. There are also several competitors that operate on a larger scale similar to Medical Solutions. There are four companies

that take up a larger market share than Medical Solutions they are AMN Healthcare, CHG Healthcare Services, Jackson Healthcare, and Cross Country Healthcare (SIA, 2019).

## **External Environmental Analysis**

### **PESTE Analysis**

A PESTE analysis is an overview of an industry's environment that gives an idea of what companies can track and contemplate when implementing new ideas or plans. It gives companies an idea of the overall domain in which they are operating. The analysis looks at the external environment from five angles: political/legal, economic, social, technological, and environmental. This analysis covers a variety of different areas to give insight into any major information pertaining to their specific industry (Pestle Analysis, 2011).

#### **Political/Legal**

The Affordable Care Act had a huge effect on the healthcare industry. Some of the benefits according to the Center for American Progress include lower costs for seniors on Medicare, improved access to prescription drugs, greater access to coverage for children, and more affordable health care overall (Rapfogel, 2020). Essentially, the ACA led to increased access to healthcare and increased staffing requirements.

#### **Economic**

The three biggest economic factors that affect the healthcare industry are unemployment, inflation, and interest rates. This is because these factors influence both the spending policies of the businesses and the purchasing power of consumers (Messineo, 2018).

#### **Social**

In the United States the population is aging. According to Urban Institute “the number of Americans ages 65 and older will more than double over the next 40 years, reaching 80 million

in 2040” (Urban Institute, 2015). As the population ages, visits to hospitals will increase. The CDC released an article stating that the emergency department rate increased with age for persons aged 60 and over (Ashman, 2020). Therefore, the need for nurses and healthcare workers will increase (Magrath, 2016). In turn Medical Solutions will need to grow to adapt to growing healthcare needs.

### Technological

In the healthcare industry there is always emerging technology. A significant example of this was the emergence of electronic health records introduced in 1972 (The University of Scranton, 2021). The nursing industry needed to adapt to using electronic charting and health records as soon as they were implemented at an organization. Another major emerging technology, according to Avant Healthcare Professionals, is nurse robots. In Japan they are being manufactured (Avant Healthcare Professionals, 2019). While they are still in the early stages this could potentially reshape the healthcare industry and take away nursing jobs.

### Environmental

One of the biggest factors affecting the healthcare industry and Medical Solutions today is the Coronavirus. This has led to an increased demand for healthcare workers and, more specifically, nurses. Nurses are having to work longer hours with constantly evolving guidance (Johnson & Johnson, 2020). Not only has demand for nurses and traveling nurses increased during the pandemic, but the Department of Health and Human Services for each state has special recommendations travelers must follow. For Nebraska there are self-quarantine rules, isolation breakdowns, and quarantine guidelines (Nebraska Dept. of Health and Human Services). Overall, traveling nurses are in high demand, but also need to take special precautions/follow guidelines when entering new facilities and areas.

## **Porter's 5 Forces**

Porter's 5 Forces is a model that analyzes the different forces that shape an industry. This can help a firm identify where there are areas of weakness and strengths so they can better position themselves and be aware of potential issues that could arise. Named after Michael Porter, this includes threat of new entrants, threat of substitutes, the bargaining power of buyers, the bargaining power of suppliers, and the intensity of rivalry. Overall, the aim is to help companies understand their sustained advantage and level of profitability (Scott, 2020).

### Threat of New Entrants

The threat of new entrants is one that falls on the higher end of the spectrum. According to Health Work there are only about 40 healthcare staffing firms in the United States. While this sector is growing rapidly, there are several barriers to entry. (Schwartz, 2018). There are all the normal barriers to starting a business such as filing the paperwork, checking different state requirements, developing a business plan, and securing financing. The major challenge new companies will face is reputation and finding clients. Not only do healthcare staffing agency's need to find traveling nurses, but they need to establish a relationship with different healthcare facilities. (Feigenbaum, 2019).

### Threat of Substitution

The threat of substitutes in the staffing industry is high. This is because there are two different ways that hospitals could obtain workers. The most prominent one would be to hire their own full-time staff. Higher employee loyalty has been observed when employees are working consistently for a company (Proctor, 2020).

### Bargaining Power of Buyers

The bargaining power of buyers, hospitals, is on the low side. The demand for nurses and skilled healthcare workers is high. This means hospitals would be willing to pay higher wages and give better incentives to entice workers to come work for them (Nurse Theory, 2021).

#### Bargaining Power of Suppliers

The bargaining power of suppliers is high because there is currently a shortage of nurses in the healthcare industry. In the state of Nebraska there are not quite 13 nurses for every 1,000 people. NurseJournal reports how some city hospitals have dozens if not hundreds of open positions (Nurse Journal, 2021). This in turn means nurses can ask for more when it comes to open positions because hospitals are desperate for workers. At its very core, this is the law of supply and demand. Nurses are in high demand, but the supply is low (Nurse Theory, 2021).

#### Intensity of Industry Rivalry

The healthcare staffing industry is competitive. This is due to the growing demand for healthcare professional and the predicted increase for years to come (Grand View Research, 2020). Rivalry is currently intense, and the industry is attractive to new entrants, therefore, rivalry will continue to increase until the demand for healthcare professionals is sated.

### **SWOT Analysis**

#### Strengths

One of Medical Solutions biggest strengths is their rapid growth rate. Founded in 2000 with only three employees, they now have around 1,400 following the two major acquisitions in recent years. The first of which, the PPR acquisition, has now been fully integrated into the Medical Solutions brand and the full acquisition of C&A is underway.

Another strength of Medical Solutions is the investment in their worker force. They do a good job of integrating new workers with orientation, from helping with equipment set up to



courses with frequently asked questions. They also have a learning and development team and talent engagement team to help educate and engage workers and a variety of platforms that provide for employee engagement and wellbeing.

### Weaknesses

A weakness that Medical Solutions faces is turnover and burnout among employees. Working in the medical staffing field, especially during the Pandemic, has led to a huge increase in demand for workers. Therefore, workers directly involved with staffing were working longer hours at an increased pace. Working from home also added to this problem, since people always had access to their work.

### Opportunities

Medical Solutions has several opportunities as a company. One is strength is demonstrated ability to grow and acquire other businesses. Another stems from the extremely high demand for nurses.

### Threats

One threat facing Medical Solutions is cyber security. Most records are electronic, and most documents related to healthcare issues are confidential. If there is a cyber security failure or lack of monitoring, shutdowns and major financial losses could occur (ACE Group, 2020).

### **Competitive Advantage**

#### Culture

Culture is a major competitive advantage for Medical Solutions. The culture is growth oriented, as demonstrated by the 121 percent growth rate which place Medical Solutions on Inc. Magazine's 5000 list of the nation's fastest growing private companies. It was the only Nebraska company to earn this distinction (Medical Solutions, 2019).

## Recognition

Medical Solutions has also received recently very positive press. BluePipes named Medical Solutions #9 on their list of best travel nursing companies in 2021. Medical Solutions is the largest company on this list (Medical Solutions, 2021). Medical Solutions has also repeatedly been named one of the “Best Places to Work” by Inc. 500 and 5000 lists. As well as a recipient of the Better Business Integrity Award and received recognition from Staffing Industry Analysts (Medical Solutions, 2021).

## Strategic Recommendations

I recommend that Medical Solutions continue its differentiation strategy as this gives it a unique advantage based on size, reputation, and culture. However, I believe if Medical Solutions were to also focus on diversity, they could grow in all these areas. Whether this is diversity in terms of age, class, ethnicity, gender, race, sexual orientation, or thought, it would give Medical Solutions a better advantage in terms of people. As the population becomes more diverse companies need to as well. Diversity in staffing also has several benefits to business prospects. It can increase marketing opportunities, recruitment, creativity, and business image. (Green et al., 2002). In terms of medical staffing, this could increase hires at an operational level and on the healthcare side and for attracting new talent. Nurses who feel that their differences are valued will help recruit others to the company.

I would also recommend decreasing the time it takes to fully acquire companies. Medical Solutions acquired C&A Industries in 2019, but they have completed the integration. C&A’s brands are still their own brands. This could be confusing for travelers leading them to think that they are applying to two separate companies. If business integration time after acquisition were decreased, the brand of Medical Solutions would be stronger and more prominent to applicants.

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