

# **Non-profit Healthcare Institution in the Zlín Region: Its image and competitive abilities analysis**

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## **ABSTRAKT**

Cílem mé bakalářské práce je analýza image a konkurenceschopnosti neziskového zdravotnického zařízení ve Zlínském kraji. Teoretická část vychází z literárních zdrojů. Definuje neziskový sektor, marketing neziskových organizací, firemní image, konkurenceschopnost a metody jejího měření. Praktická část popisuje zdravotnickou organizaci, její firemní identitu, komunikační strategii a konkurenceschopnost. Na základě výsledků analýzy jsou v závěru sestavena doporučení vedoucí k posílení organizace na trhu.

Klíčová slova: neziskový sektor, marketing neziskových organizací, image, firemní identita, komunikační strategie, konkurent, konkurenceschopnost.

## **ABSTRACT**

The aim of my bachelor thesis is to analyse the image and competitive abilities of the non-profit healthcare institution in the Zlín Region. The theoretical part is based on literature research. It defines the non-profit sector, marketing of the non-profit organizations, corporate image, competitiveness and analysing methods. The practical part describes the non-profit healthcare organization, its corporate identity, communication strategy and competitive abilities. The results of the analysis are further elaborated into recommendations for strengthening the position of the organization on the market.

Keywords: non-profit sector, marketing of non-profit organizations, image, corporate identity, communication strategy, competitor, competitiveness.

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## INTRODUCTION

Non-profit organizations play in the society an important role. Not only they effectively cover the sector between the state and the profit sector, but they also help to strengthen the values of humanity, solidarity and trust between the citizens.

The public understands the importance of non-profit organizations and their contribution in form of public services, yet there are still some doubts and distrust of the non-profit sector, sequent upon the lack of information and public awareness.

Compared to profit organizations, non-profit organizations have far more complicated position within the structure of national economy. The concept of non-profitability is often misunderstood as non-prosperity. It is necessary to point that the public sector organizations are, as well as private profit organizations, part of competitive environment. They must compete for customers, donators and the public.

Due to the intangibility of their products, the non-profit organizations must choose an efficient communication strategy. It is important not only to create a quality service, but also to present it properly. Ironically, the communication strategy of the non-profit sector is often underestimated, which is caused by the lack of business-orientation of the organizations.

To ensure that non-profit organization receives required attention for the implementation of its vision, mission and goals, it needs sufficient funding from sponsors, as well as the interest and participation of the general public in the form of volunteerism. Therefore, it is crucial to know how to address these two target groups appropriately and effectively.

My bachelor thesis focuses on the area of non-profit healthcare sector, which in despite of its irreplaceability, importance and sensitivity of the provided services does not receive enough attention and financial support.

The theoretical part of my thesis deals with the general characterization of the non-profit sector, the importance of building corporate identity and modern methods of competitive analysis.

The practical part characterizes the non-profit healthcare sector. On a concrete example, I introduce the mission, vision and goals of a non-profit healthcare organization and its marketing communication mix. Further, I analyze its current market position and I present recommendations for enhancing its competitiveness.

## **I. THEORY**

## **1 THE NON-PROFIT SECTOR**

The national economy can be divided into a profit and non-profit sector. In recent years, the non-profit sector has been associated with the development of democratic principles as well as the efforts to solve contemporary social problems. Expectations and hopes put in the non-profit sector are therefore constantly rising. [20]

### **1.1 The concept of non-profitability**

The term “non-profit” is generally used to describe activities and subjects that have been established for non-commercial, non-for-profit purpose. Hence these activities and subjects reach collective, social welfare and non-market profit and thus render, directly or indirectly, general public well-being. However, the term “non-profitability” shall not be misinterpreted as non-prosperous or non-productive. From the legal point of view, the non-profitability is a state when reached accountable profit cannot be divided between the capital owners or employees, but can only be re-invested in order to innovate or upgrade the services provided by the organization. [22]

### **1.2 Defining the non-profit sector**

Non-profit sector is the part of national economy, in which the operating subjects, producing goods and services, obtain financial resources for their activities through the redistribution process. These procedures are closely examined and described by the public financial sector. The objective function of the non-profit sector is not to achieve a financial profit, but profit in form of the public service. In terms of an actual non-profit sector there is a significant difference between public and private (non-governmental) non-profit sector:

Public non-profit sector is financed from public finances and managed by public administration. Decisions in public non-profit sector are made through public voting and the whole sector is subject to public inspection. The objective function is to provide public services.

Private non-profit sector, known as “the third sector”, is funded from private finances, finances of private individuals or legal entities that have chosen to invest their private funds to specific pre-defined production or distribution of goods, without expecting any

financial earnings. The objective function is not to achieve profit but to gain direct benefit and general welfare. Justification for the existence of private non-profit sector is based on the principle of self-management and thus defines the ability of a certain community of people, who live together and cooperate, to organize and regulate their behaviour. It is the sharing of public politics within the civil society. This is the main reason and cause why people gather in various types of private non-profit organizations. The freedom of gathering thus becomes one of the fundamental freedoms of a democratic state.

[20]

### **1.3 The non-profit organization**

Non-profit organizations are subjects that have been established to achieve and redistribute profit. However, the attribute of non-profitability does not exclude such organizations from the economic context. Nor does it mean that such organizations run for free or that they are prevented from achieving accountable profit, which would not be even technically feasible. The profitability of non-profit organizations lies within the moral and ethical level, rather than economic terms. The non-profit organizations are motivated to satisfy the needs of its own members – founders and employees; to meet certain social needs or to fulfil philanthropic needs of the organization itself and its supporters. In other words, while the society or its components may feel economical or material profit coming from the organization functioning, the organization profits purely from the satisfaction of services performed.

[1]

The non-profit organizations are, in terms of public benefit, not only providers of public services guaranteed by the state, but they also fulfil its own mission to support the solidarity, communication and trust; to help people to build their own social capital which forms the market level and the democracy.

[22]

#### **1.3.1 Characteristics of the non-profit organizations**

Many principles applying to the non-profit organizations are certainly identical to principles of the profit-based organizations. One needs an attractive vision, a charismatic leader, effectively managed processes, satisfied customers or clients, a good team of people, etc. In general, non-profit organizations can be characterized legal entities that have

been established not to achieve profit but to meet specific needs of citizens and communities.

Private non-profit organizations can be further characterized as legally autonomous bodies, meaning they cannot be controlled externally. They create informal structures, but always within the law under which they are established, and the membership is always on a voluntary basis. [21]

### 1.3.2 Classification of the non-profit organizations

Czech Act No. 586/1992 Coll., on income tax [18], defines the non-profit organizations as legal entities and lists following types of organizations:

- associations of legal entities;
- civic associations;
- political parties and movements;
- officially recognized churches and religious societies;
- foundations and endowment funds;
- municipalities and regions;
- government departments and local governments;
- contributory organizations;
- state funds.

Rektořík [20] further classifies the non-profit organizations according to certain criteria:

#### a) Criterion of authority and legal form:

Public legal organizations established by public administration, i.e. the state administration (ministries, central governmental authority), or local government (municipality, regional authority). Examples: municipal police, nursery schools, some theatres and museums, etc.

Private legal organizations established by personal or legal entity. Examples: foundations, civic associations, charities, religious organizations, etc.

Public legal institutions established to provide public services, as a duty given by law. Examples: public universities, Czech Television, etc.

**b) Criterion of the mission:**

Public benefit organizations established to produce public and mixed goods that fulfil the needs of the public - the society. Examples: charity, ecology, health care, education, public administration.

Mutually benefit organizations established to support groups of citizens who share common interest. Their mission is therefore to meet their own interests and the public administration ensures that the performed interests are related to the public correctly, which means they do not oppose to the interests of other citizens and legal persons. These include implementation of activities in culture, confessional and professional interests, etc.

**c) Criterion of the financing method:**Organizations financed entirely from public budgets

-government departments and regional units.

Organizations financed partly from public budgets - they are legally entitled to the legislative contribution (budgetary organizations, selected civic associations, churches and religious societies, political parties and political movements).

Organizations financed from various sources

- gifts, collections, sponsorship, grants, private business.

Organizations financed from the results of their mission implementation.**1.3.3 Missions and goals of non-profit organizations**

The non-profit organization's mission is a key factor specifying the activities and also the path for its future development. The mission's quality and the means of its communication to individual members influence the organization's success.

Frič [8] states that the non-profit organizations enhance feelings of solidarity and community among the people. They help people build their social capital, encouraging interaction process, creation of trust and reciprocity, which influence the functioning of the market and democracy.

Drucker [7] claims that the product of non-profit organization is changed human being. Non-profit institutions are instruments of a change in human life. Their product is a cured patient, a child that has learnt something, it is simply a changed human life."

#### **1.3.4 Specifics of non-profit religious organizations**

The fundamental law that governs the status of churches and religious societies and their activities is the Act No. 3/2002 Coll., on religious freedom. Under this Act, the churches and religious societies are defined as voluntary associations of persons with their own structure, authorities, internal regulations and religious ceremonies that are established to profess a certain faith. Every church society establishes for their local competency parishes, diaconia, municipalities, communities, charities, etc. In order to demonstrate their charitable, educational and social purpose the church societies establish special-purpose institutions, which are liable to the governmental act. These institutions include youth leisure centres, youth clubs, schools, kindergartens, psychological counselling, shelters, hospices, social welfare institutions, etc. These organizations are primarily stored to provide public benefit services at a pre-set conditions same for all consumers. [14]



## 2 MARKETING OF THE NON-PROFIT ORGANIZATIONS

In a constantly changing environment it is not possible for the company to make decisions purely on the basis of intuition. On the contrary, it is necessary to look for appropriate implements, which will make the process of decision-making easier, faster and more tenderable. Marketing offers such an option. Marketing brings the required products to the right group of customers at the right time, right place, using appropriate strategies. [17]

It might seem that marketing does not belong to traditional activities of the non-profit organizations. Marketing is usually associated with the concepts of profitability and competitiveness. The question thus arises, what is the role of marketing in an organization where the profit motive and competitiveness may not be essential? [9]

Changes in funding and increased competition in the public sector invoked the interest in marketing, in order to be able to meet the customers' requirements. Need for information about non-profit organizations increases proportionally with the number of citizens involved in their activities and those who consume their products and services. [20]

The main objective of non-profit organization is to serve the customer. These organizations provide services, or in some cases products, to consumers, customers, clients, patients, or "public". The essence of the market is mutually beneficial exchange between producer and consumer. Marketing in the non-profit sector often focuses on the image that the organization creates with respect to the public. The organization's image is intangible factor reflecting the public views of the quality of services.

In order to improve products and service and to fully understand their clients' needs, the non-profit organizations must specify the range of their customers. The identification of customers is usually not difficult: customer in the private sector is the one who pays for the product or service; customer in the public sector is the person deriving benefit from the service, while it is irrelevant whether the service is paid for directly or indirectly. [9]

## 2.1 Marketing mix of the non-profit organizations

The marketing strategy can be developed only when the organization knows its position on the market, understands fully its conditions and market demand. There are four main aspects (four P's) that must be managed efficiently in order to achieve the marketing results. It is the product (service), the price, the promotion and the place where the product is displayed. Marketing mix can be defined as an effective combination of these four components. Many non-profit organizations produce only services, which are less tangible results than an actual product. The service provision, on the other hand, includes a strong human element, the fifth "P" – people. People who provide a service are therefore part of the product. Typical non-profit marketing mix puts a strong emphasis on product and service, but cares less about price, advertising and packaging. [9]

### Product

Products of non-profit organizations may be of a tangible (manuals, publications, books, etc.) or intangible nature (education services, health care services, information services, etc.). However, clear majority of products produced by the non-profit organizations are various types of services and tangible products then serve as tools for the promotion and realization of intangible products. Products of non-profit organizations may as well be different ideas and attitudes to solve specific social problems. In this case, the marketing is not about the exchange of tangible product for cash, but the exchange of human values, their presentation and acceptance shall help to eliminate or minimize the negative aspects in society and identify the right direction for human behaviour in the future, in order to promote justice, humanity and better quality of life.

### Price

In the frame of marketing mix the price represents the total cost that customers have to pay for certain product. In the case of non-profit organizations, most products are provided for free or at a very low cost. The price of the product or service is not set to cover the total costs associated with their provision, because the target market would be unable to pay the appraised price.

**Place**

The aim of efficient distribution is to provide the target market with access to products at the right time, quantity, price and quality. In terms of non-profit organization the aim of distribution is to ensure a continual exchange of values between the organization itself and its two basic groups of the target market - customers and sponsors. Non-profit organizations prefer direct distribution of their intangible products, or indirect distribution using one negotiator.

**Promotion**

The essence of marketing communication is primarily to inform and influence opinions, attitudes and behaviours of the target market and thus the organization's objectives. When deciding on a policy of marketing communications the non-profit organizations, like any other profit-making organization, must primarily determine their communication objectives, decide on the budget, create efficient administration body, select proper media and subsequently evaluate the effectiveness of marketing communications. The objective of marketing communication is primarily to inform the public about its activities and raise public awareness of its existence.

**People**

Since the non-profit organizations production is of an intangible nature and consists of a wide range of services, human factor plays an important role. In this case, the service is inseparable from its provider, which directly affects the quality of performance and customer satisfaction. It is therefore important that non-profit organizations pay attention to the selection of appropriate personnel who come into direct contact with the target market in order to present ideas, attitudes, beliefs and provide them with information and services.

[3]

**2.2 Marketing of competitive abilities**

Marketing of the competitiveness is a targeted methodological search for strategies, tactics (including their practical implementation) between the producers and distributors. They compete in securing sales opportunities in the global marketplace segment against other competitors in the commodity sector, function, time and space.

[4]

The marketing mix is not static: the optimal marketing mix at any one time may not be the best combination at another time. Products and services are improving or becoming obsolete, and there are always new products introduced to the market. It is necessary to continuously develop and upgrade plans for increasing sales and support; the subject of sales over time becomes less satisfactory, and new alternatives emerge. To remain competitive in the target market, the organization shall establish and promote the differences between their products/service and offers of competitors. [9]

#### Analysis of the market environment

This analysis includes information on all forces that may affect the firms in the market in terms of political, legal, social, economic, cultural factors, and possibly other factors, such as science, education, religion, socially accepted values, etc.

#### Analysis of the competition

This analysis is focused, in terms of Porter's competitive forces, on the profile of the competition within involved sector, new or potential competitors, substitute products, the negotiating power of buyers and suppliers.

#### Analysis of the customer

The aim of the analysis is to identify customers and their needs, to understand their attitudes and requirements.

[23]

## **2.3 Marketing communications**

An integral part of the marketing mix is communication with the customer. The aim of marketing communications is to inform the customer about the product or service, ideally resulting in convincing him/her to purchase the product. The purpose of this activity is to achieve changes in knowledge, attitudes and behaviour of target groups in relation to the promoted object.

### **2.3.1 Advertising**

Advertising is one of the most typical instruments of promotion. Hannagan [9] defines advertising as “every paid form of impersonal presentation of products, services or ideas of a sponsor. The basic objectives of advertising are to inform potential customers, to remind oneself to an established customer or to regain lost customers.

The instrument of advertising transfers the information to the target population. The choice of appropriate instrument depends on the media habits of target audience, on the type of product / service, on the nature of communication and the budget. Newspapers cover the local market effectively, but they do not last long and a low percentage of casual readers, television advertising evokes more attention, but at great cost and with limited ability to select audiences, commercial radio has a lower cost, but its influence is not strong enough, magazines tend to have high selectivity of geographic, demographic and interest groups, they are of a high quality, last relatively long and they have a good readership, but they are quite expensive.

When deciding which communication medium to use, it is necessary that the non-profit organizations define their goals, target populations and the amount of money they can spend on advertising.

Šimková [21] names the main types of advertising: printed and broadcast advertisements, promotional gifts, brochures, booklets, leaflets, posters, billboards, direct mailing, audio-visual materials, symbols and logos, etc.

### **2.3.2 Sales promotion**

Sales promotion is a toolkit that stimulates the process of purchase. The instruments of sales promotion are targeted at both customers and the intermediaries. The aim of sales promotion is to disrupt existing habits of consumers. The main instruments of sales promotion include: contests, games, lotteries, free samples, bonuses, rewards and gifts, tastings, parades, festivities, exhibitions and sales fairs, seminars, demonstrations. The strongpoint of these sales promotion instruments is the immediate response of the customers. The weak point, on the other hand, is the fact that the effect is usually short-lasting with no permanent preferences for a given product of brand. [21]

### **2.3.3 Public relations**

In the sector of public relations the marketing communications interfuses with service consumers, donors and the public who are both, potential, current and future consumers of the services provided by non-profit organizations. Public relations in the non-profit sector seek to build and maintain favourable public relations. Their general aim is to achieve support or alliances with the relevant target groups in order to promote their own interests.

In accordance with the definition of the objectives and target groups the public relations communication of the non-profit organization can provide various types of information. The organizations share most commonly the information about their existence, ongoing activities, results and achievements. Information of this kind are usually distributed through press releases to the media, but may as well be a part of direct mailing towards sponsors, current and former service users, administrative bodies, business partners, etc. Other messages may be intended to demonstrate a willingness to discuss specific issues and current social problems. Another goal may be to draw attention to certain social problem or to thank publically to the donors. The activities of public relations may have very specific objectives and the formulation of communication is then adjusted, e.g. volunteers recruitment or an effort to raise funds and public support for a particular purpose. [1]

#### **2.3.4 Fundraising**

Fundraising is the process of finding resources to help non-profit organizations to operate on market. Fundraising thus includes various methods and procedures to obtain financial and other resources for the activities of non-profit organizations. [20]

Basically, there are following groups of donors: individuals, informal civic groups, other non-profit organizations, entrepreneurs (personal and legal entities), philanthropic institutions (foundations, funds, volunteer organizations, churches) and state administrative bodies (grants from public budgets). A specific form of donation is becoming a volunteer or member of a non-profit organization. [1]

Methods of raising donations are following: collective (formal) a letter, direct mailing, announcement of a collection, benefit event, personal letter or telephone conversation, a written grant application, door-to-door fundraising. Raising money is a long-term process. It should therefore start with effective planning and end with a detailed assessment in order to identify which of the above mentioned methods are the most effective and best for both parties. [20]

## 2.4 Corporate Image

The word „image“ is of a Latin origin “imago” meaning resemblance. Merriam-Webster dictionary [12] defines the word image as “a visual representation of something or a mental picture of impression of something”.

Image is therefore a psychic print of a reality, restructured into the form of an impression that is received and accepted without proper reasoning. It is thus simplified and generalized form of a symbol, which is based on ideas, attitudes, opinions and experiences of a man in relation to an object. Image is an important part of company’s visual marketing and advertising. Corporate image is the overall condition of the public’s perception of the company, including wide range of activities and efforts that the company develops, e.g. appropriate choice of logos, advertising campaigns, communication with the customer, customer service, etc. [27]

Psychologically speaking, the image is created by mental processes that take place in human consciousness and that are influenced by experiences, either positive or negative ones. Images are associated with particular objects or situations. Corporate image is formed by certain qualities of a company, products or brand, which does not necessarily reflect real situation. This creates psychological reality, which may or may not correspond with reality. Personal experiences are thus the basis for image formation.

According to its competency and prevalence, image can be divided on the universal and specific. Universal image is applicable around the world without significant differences. Specific image focuses on diverse characteristics of different target groups, in different countries. [16]

Vysekalová [27] defines the concept of image:

- Image is a complex, multidimensional and structured system that is both strong and vivid. Its integrity is more than the sum of its individual parts.
- Image is composed of objective and subjective, right and wrong ideas, attitudes and experiences of individuals or certain groups of people on a topic of certain object
- Image consists of cognitive, affective and behavioural, social and personal components.

- It is strongly emotive and shows the specific effects of group influence.
- Image enables mental mastery of the outside world on the basis of selective principle and also contributes to meet certain needs.
- Image significantly affects people's beliefs and behaviours.

According to different perceptions and point of view, we distinguish:

Internal image – an image perceived by the producer of the object, product.

External image – an image perceived by the audience (public). The producers tend to create an image and invoke certain public's impression which may not conform to their own self-perception. External image can be intended, deliberately created by advertising, but also unwanted, created spontaneously by the public itself, without respect to, or sometimes in contrary to, the will and the idea promoted by producers or distributors

Real image – an image formed in the public consciousness. This form of image is the real and actual image. It is not important what ideas and impressions the producers or distributors tend to invoke, but what impressions they awake, but what impressions they do invoke.

Vysekalová [26] further distinguishes image according to the market influence,:

Generic image - for specific sort or group of goods. Important role is played by generalized emotional relationships of a particular class of products. This type of image helps to form the position of a particular product type in the context of the whole market situation.

Product / brand image – for a product of a known brand which plays an important role in targeting the consumer in the offer. Product / brand image should be clear, referring to important personal needs of consumers in relation to certain characteristics of the product.

Company / corporate image - is formed by the quality of the company, by the communication and interaction with the public reception.

The interconnection of the product and corporate image is so strong that they cannot be considered separately.



### **2.4.1 Corporate identity**

Corporate identity defines the internal state of the company, internal look of its personnel and their opinion on the company, work, results, successes and failures. Corporate identity plays a major role in building the corporate brand and its products or services. It includes everything related, directly or indirectly, to the company.

### **2.4.2 Corporate design**

Corporate design is a set of visual constants that are used in communication within the company, but especially outside of the company. Corporate design includes company name and its presentation, logo, brand, font and colour, graphics, uniforms, give-aways, company's premises, etc.

### **2.4.3 Corporate communication**

Corporate communication is an integral component of corporate image. The value of a company depends of its clients. Therefore, it is important how the company addresses its potential customers. It is also important what instruments for communication the company uses. Efficient corporate communication reinforces and strengthens connections between the customer and provider. To be fully prosperous, the company has to develop not only external communications, but also internal communication between employees, employers and management.

### **2.4.4 Corporate culture**

Corporate culture represents the values, attitudes, unwritten behaviour principles and ethical standards. The concept of corporate culture may also reflect the relationship and loyalty of the personnel to the company. Corporate culture reinforces the reputation of the company and enhances trust of its customers.

### 3 COMPETITION AND COMPETITIVENESS

#### 3.1 Competition

The concept of competition shall be looked upon from various points of view, e.g. economic, social, cultural, ethical, and political level. Competition is an interrelation between two or more subjects. The competitor can enter into a competitive relation only if he fulfils minimum of two conditions: disposing capacity of competitive potential (be able to compete) and disposing capacity of specific potential (be willing to enter competitive environment). It is therefore necessary to realize the difference between the concept of competition (the results of the company's activities) and the concept of competitiveness (the company's potential). [13]

#### 3.2 Competitiveness

Mikoláš [13] defines competitiveness as a domestic/internal market share and external market share. If there are two competing products of comparable quality, the competitiveness further depends on their price and thus on three secondary indicators - the costs (labour, social and productivity), the profit and exchange rates of national currency. We distinguish price competitiveness and qualitative/structural competitiveness. Structural competitiveness depends on factors such as product's qualities, reliability, reputation, the conditions of financing and purchase.

Marinič [11] claims that competitiveness at the company level may be understood as the ability to maintain profitability. Achieving profit may accelerate the marketability of competitive companies, while the financial loss causes a loss of competitiveness and position on the market.

#### 3.3 Competitive advantage

The essence of competitive advantage is to offer the customer greater value, either through the lower price or higher benefit, which could even up the price level. The aim of each company is to offer better product/service to its customers than the competitors. [4]

Competitive advantage is described as the use of such factors in the organization, which enables the company to create and maintain successful existence. [13]

The basic source of competitive advantage are the original (owned by one company) and reproduced (owned by several companies) skills and competencies. Original skills and competencies can be of tangible nature (e.g. equipment and technology based on intellectual property rights, exclusive licensing and trademarks, etc.) or of intangible nature (know-how, organizational systems, processes, strategic partnerships, etc. Reproduced capacity can be machinery and technical equipment, financial security, marketing policy, generally known information and knowledge, nonexclusive licenses. The centrepiece of competitive advantages at the corporate level is the product or service representing the value for both the customers and the producers. Customer value is influenced mainly by the uniqueness of the product and its quality perceived by customer's subjective evaluation. On the other hand, the producer value is determined by the overall profitability or efficiency with which the product is manufactured. For creating and enhancing the competitiveness of company it is necessary to have a certain competitive advantage over other companies in the market.

[11]

### **3.4 Competitive strategy**

Vodáček [25] states that every company has a choice how to deal with competition. There are three basic options for the company to get successful on the market. The company can either defeat its competition, cooperate with its competition or cohabit. Each of these options has its advantages and disadvantages. It is very important to choose the right competitive strategy.

Competitive strategy is to seek a favourable competitive position in a particular sector, aiming to build a profitable and sustainable position. To be able to choose efficient competitive strategy, the company shall answer two questions. The first concerns the attractiveness of the sector for the producer to see if it is able to achieve long-term profitability. The second concerns the competing factors that determine the relative position within the industry.

When choosing the competitive strategy, one should also consider a strategy of the competitor. The first step in understanding the competition is a competition analysis. It is a process of identification key competitors, evaluation of their goals, understanding their strengths and weaknesses, etc. Having understood its competitors and their strategies, the company can choose its own most suitable competitive strategy and thus gain competitive advantage.

[19]

### **3.5 SWOT analysis**

Verber [24] defines the SWOT analysis as a method of competitiveness assessment, which analyzes the four basic factors of society and its environment: Strengths, Weaknesses, Opportunities and Threats. The aim is to discover opportunities and threats around the company and learn its strengths and weaknesses. Opportunities and threats are external factors that may be used or avoided. Strengths and weaknesses are internal factors, which should be managed in a way to hide the weaknesses and emphasize the strengths.

Bělohávek [2] claims in his work that the SWOT analysis is more efficient when compared to the SWOT analysis of competitors. If it is compiled regularly, it defines individual sectors and their level of importance according to the functioning of the organization. The author describes individual qualities:

#### **Strengths**

Strengths, located within internal environment, are positive for the company. Through its strengths, the company can defeat its competitors. Strengths include: access to better-quality materials, high financial capital, advanced technology, excellent senior management team, efficient advertising campaign, product innovation, minimum costs, sophisticated strategy, etc. These factors help the company to achieve a competitive advantage.

#### **Weaknesses**

Weaknesses, located within the internal environment, are negative factors that may cause lower organizational performance. They include: lack of necessary sources and capabilities, inefficient development, managers with poor skills, high financial burden of excessive debt, outdated machines, etc.

### **Opportunities**

Opportunities represent current or future favourable factors, which are located within the external environment of the company. They include: legislative changes, increasing population (and thus customers), the introduction of new technologies, etc. They should be evaluated primarily in terms of long-term development and its impact on society.

### **Threats**

Threats represent current or future unfavourable factors located within the external environment of the company. They include: strong competitor, reducing the number of customers, slow market growth, changing consumer preference, changes in laws, etc.

Opportunities, threats, strengths and weaknesses can be put together in order to create various types of strategies:

S – O approach – to use the strengths and opportunities from external environment

S – T approach – to use the strengths in order to reduce the threats

W – O approach – to reduce the weaknesses using the opportunities

W – T approach – to resolve the bad condition even at the cost of company's liquidation

[2]

## **3.6 Benchmarking**

Benchmarking is based on a comparison with other competing company/companies, pointing out own strengths and weaknesses. Results of benchmarking highlight areas where the company is weaker than the competitor which helps to eliminate the weaknesses and enhance the competitiveness. According to the ČSJ Benchmarking [5], the term benchmarking became known during the 80's, when Xerox Corporation made it more popular. Benchmarking can have a powerful impact on the organisation. It breaks established paradigms, creates a readiness for action, and provides models of excellence. The objective of benchmarking is to provide goals for realistic process improvement and an understanding of the changes necessary to facilitate that improvement. The results of benchmarking should:

- make better-informed decisions,
- set stretch goals,
- increase customer satisfaction,

- accelerate and manage change,
- save costs,
- help understand world-class performance etc.

and in the end benchmarking should improve competitiveness and competitive position of the organisation.

Robert C. Camp, one of the leading persons in the area of benchmarking, defines benchmarking simply as "...seeking for the best practices and procedures in the business, which lead to outstanding results". If we understand as a comparison it is clear, that it can concern both, outstanding results (performance benchmarking, also against competitors) and processes and procedures (best practices), which lead to achievement of outstanding results (more ambitious, however more efficient process benchmarking).

## **II. ANALYSIS**

## 4 THE DIACONIA

The Diaconia is a Christian non-profit-organization offering help and support for living a dignified and valuable life despite age, illness, disability, isolation, difficult social situations and other life crisis. Services of Diaconia are based on Gospel tidings of God's Love and on the example of Jesus Christ's service. [6]

### 4.1 The Diaconia of the Evangelical Church of Czech Brethren

The Diaconia of the Evangelical Church of Czech Brethren (DECCB) is one of the biggest organisations in the Czech Republic providing social services. It helps its clients in direct care offering social, medical, education and pastoral care in 33 centres and 8 special schools.

DECCB was established on 1 June 1989 as an organisation with the specific purpose of carrying out the diaconal service of the ECCB.

It carries on the activity of the former Czech Diaconia (full title "Czech Diaconia, Protestant Society for the Care of the Poor and the Sick"), which was established in 1903 and continued its activities until 1952. In that year the state authorities in the Czech Republic closed down all independent societies, and no churches were allowed to operate public social services. However, a certain kind of social work continued to exist, at least within a number of ECCB congregations, in the form of what was known as "Christian service".

In the course of the development of the "new" Diaconia, various milestones were reached connected with the growth of the organisation and its gradual orientation towards new fields of work. The first services that the Diaconia developed in the early 1990s included the SOS crisis centre in Prague, day centres for mentally handicapped children, and the first centres providing home care for the elderly and the handicapped. During the course of the 1990s Diaconia gradually expanded by setting up centres running social prevention programmes – low-threshold clubs for children and young people, half-way houses, and women's refuges. In 2003 the spectrum of services expanded to include hospices. At present Diaconia runs 33 centres and 8 special schools. It has nearly a thousand employees, and several hundred volunteers also help it to carry out its work.



## 4.2 The structure

The Diaconia of the Evangelical Church of Czech Brethren consists of the Diaconia centres and the central office. Each unit is run by a board of management. The function of monitoring them has is carried out by supervisory boards, on which the local congregation of the Evangelical Church of Czech Brethren, independent specialists in the field, staff members, and clients' families are represented. The members of these bodies work on a voluntary basis. [6]

## 4.3 Partners

A fundamental element for Diaconia is its relationship to the Evangelical Church of Czech Brethren (ECCB). Every Diaconia centre has a contractual connection with a local ECCB congregation. In most cases the centres came into being as the result of initiatives on the part of members of the church, and they receive support of all kinds from the congregations, such as financial support, material contributions, and voluntary help. "

Diaconia is also a member of the following organisations:

- Diaconia in the Czech Republic – an association for church social work
- EAPN – a national platform against poverty
- SKOK – an association of non-profit organisations providing social and health care
- The Czech Council of Humanitarian Organisations
- The Czech Society for Alzheimer's Disease

The aim of these organisations is to represent common interests in negotiations with the state and to facilitate exchange of experience among experts, mediation of good practice, and joint coordination. [6]

## 4.4 Services

The Diaconia of the Evangelical Church of Czech Brethren is a charitable church organisation that provides social and medical services in the Czech Republic. It is one of the largest Czech non-governmental organisations operating in the social sphere. Some 940

employees and 340 volunteers are involved in its work. Diaconia has 33 centres in which it provides a broad spectrum of social and medical services, runs special schools, and offers a wide range of training programmes for those working in the social sphere.

- Services for the elderly – residential homes, day centres, home services (since 1990)
- Services for people with handicaps, including early intervention (since 1990)
- Social intervention
- Services for the visually impaired (since 1994)
- Help for children and young people at risk and people in difficult situations (since 1989)
- Help for immigrants (coordination work since 2002)
- Hospice care (since 2004)

Diaconia currently provides more than 100 different types of service in the social, educational and medical fields.

## 5 HOSPICE CARE

Hospice is a concept of caring derived from medieval times, symbolizing a place where travellers, pilgrims and the sick, wounded or dying could find rest and comfort. The contemporary hospice offers a comprehensive programme of care to patients and families who face a life threatening illness. Hospice is primarily a concept of care, not a specific place of care. Hospice emphasizes palliative rather than curative treatment; quality rather than quantity of life. Professional medical care is given, and sophisticated symptom relief provided. The patient and family are both included in the care plan and emotional, spiritual and practical support is given based on the patient's wishes and family's needs. Trained volunteers can offer respite care for family members as well as meaningful support to the patient. Hospice affirms life and regards dying as a normal process. Hospice neither hastens nor postpones death. Hospice provides personalized services and a caring community so that patients and families can attain the necessary preparation for a death that is satisfactory to them. Those involved in the process of dying have a variety of physical, spiritual, emotional and social needs. The nature of dying is so unique that the goal of the hospice team is to be sensitive and responsive to the special requirements of each individual and family. Hospice care is provided to patients who have a limited life expectancy. Although most hospice patients are cancer patients, hospices accept anyone regardless of age or type of illness. These patients have also made a decision to spend their last months at home or in a homelike setting.

[10]

### 5.1 Introducing Citadela centre

Citadela centre was established in Valašské Meziříčí on 29<sup>th</sup> January 2004 as one of the 33 centres of the Diaconia of the Evangelical Church of Czech Brethren Diaconia. It was authorized by the Regional Office of the Zlín Region as a non-governmental non-profit health-care facility.

[28]

#### 5.1.1 Mission and goals

- Improve and promote adequate quality of patient's life
- Assist and accompany the dying patient and his relatives, so that nobody is left alone

- Make society understand that dying is an inseparable and important part of life and thus should be accepted and lived through in peace and reconciliation;
- Provide professional medical, biological, social, psychological and spiritual care;
- Assist the patient's relatives during the illness and also after patient's death by providing social, psychological and spiritual care;
- Support the relationships of the patient and his relatives and loved ones;
- Strive to enhance the quality of provided service;

### **5.1.2 Service**

- Professional hospice palliative care, which uses the most advanced knowledge in treating pain and other symptoms;
- Nursing care;
- Social counselling about incurable illnesses for the patients and their families;
- Spiritual support for the patients and families due to their wishes.

### **5.1.3 Products**

#### Specialized palliative care (hospice)

The aim of specialized palliative care is to alleviate pain and other physical and mental suffering; to improve or maintain the quality of life as long as possible; to preserve the dignity of the patient; to provide support also to the patient's relatives. Various services are provided by professionally trained personnel - doctors, nurses, caregivers, clergies, psychotherapists, social workers and volunteers. There are 28 registered beds available.

#### Social Service

Social services are intended for people who no longer require hospital care, but due to their health condition cannot do without the help of another person. Length of stay is limited as the patients do not really need specialized care. Patients are then usually moved to homes for elderly which is more suitable solution. The services are provided, regardless to the age, also to patients with chronic diseases and thus unable to take care of themselves. There are 42 beds available.

### Supportive Service

This type of service is meant for relatives who provide home care to their loved ones and need occasional rest. There are 8 beds available.

### Equipment rental

Hospice provides rental service of appropriate medical facilities to support home care.

## **5.1.4 Marketing mix of Citadela centre**

It is very important to choose the right form of communication and promotion in order to approach the target group successfully and thus fulfil the mission and purpose of the organization. Non-profit organizations often underestimate the power of marketing communications. It is usually lack of financial resources and missing business spirit. Profit or non-profit, every organization must present itself efficiently and communicate with public/clients whose present is essential for the organization's functioning.

### **5.1.4.1 Advertising**

There is a significant difference between advertising in profit and non-profit sector. Its main function in the private sector is to arouse the public interest in the product. The non-profit sector advertises to inform people about the existence of the organization, its services or their achievements and results. Advertising itself is quite expensive, especially television. Citadela centre advertises through various interviews, projects, events, and other articles in the local / regional press.

### **5.1.4.2 Sales Promotion**

Sales promotion uses various instruments to inform the public about the organization's mission, vision, objectives, the programme and events. Examples of such an instrument are different placards and leaflets, encountered in various public places. Sales promotion of Citadela centre is not very effective. The hospice should put greater emphasis on this mean of communication. Concrete proposals and recommendations are in chapter six.

### **5.1.4.3 Direct Marketing**

Direct marketing is another important tool of communication. Direct mail is used to reach donors, sponsors, volunteers, public providing them with news. Personal contact in

arranged through various seminars, lectures and other meetings. Personal meetings are very effective, often resulting in concrete outcomes.

#### **5.1.4.4 Corporate Identity**

The Citadela centre, just like any other non-profit organization, does not put a great emphasis on corporate identity. It presents itself more as a part of Diaconia, also using Diaconia's corporate image. The centre doesn't even have its own logo or own graphic of web pages. The centre should focus more on the importance of corporate identity and strengthened it significantly.

#### **5.1.4.5 Public Relations**

Public relations are the key tool of communication mix. Everything begins with the well-chosen vision, mission and goals. The Citadela centre recognizes two basic forms of public relations. External public relations aimed at the general public, potential clients and sponsors, and internal public relations defined by the communication of employees, their motivation and effort to create a pleasant working climate. These two forms of public relations are mutually complementary. Because where is satisfied personnel, there is also satisfied customer.

#### **Forms of Internal Public Relations**

Means of written communication	- package of basic information, motivation questionnaire, corporate Intranet,
Means of verbal communication	- meetings, personal visits, conferences,
Socializing methods	- social events for staff, seminars, lectures, courses for staff,
Visual aids	- information boards, notice boards.

#### **Forms of external public relations**

Means of individual approach:	- telephone call, personal contact, letters, e-mails,
-------------------------------	---

- visits, round tables, seminars,  
open days, souvenirs, gift items.
- Means a mass approach:
- printed material: annual reports, publications, business magazines, brochures, leaflets, etc.,
  - media relations - press conferences, newspaper articles, radio spots, TV, etc.,
  - website
  - exhibitions, fairs, competitions, seminars, social gatherings and events.

### 5.1.5 SWOT analysis

SWOT analysis was used to assess strengths and weaknesses of the Citadela centre, as well as the threats and opportunities arising from the external environment. For the evaluation I used the Fuller method of paired comparison

#### Strengths

- (1) Professional approach of the qualified personnel
- (2) Wide range of quality services
- (3) Pleasant facility, modern equipment
- (4) Good reputation of the organization
- (5) Openness to new ideas
- (6) Strong working team
- (7) Low competition in the region

#### Weaknesses

- (8) Lack of corporate identity
- (9) Lack of promotion and communication with the public and the media
- (10) Limited financial resources
- (11) Inadequate salaries and financial motivation
- (12) Psychological and physical workload due to lack of employees
- (13) Service prices affected by the lack of finance

#### Opportunities

- (14) Changes in the economy and politics – increase of the budget







Table 4: The results of paired comparison of the opportunities and the threats

Criterion number	Frequency	Relative frequency [in %]	Placement
14	9	15,52	1. - 2.
15	7	12,07	5.
16	5	8,62	6.
17	8	13,79	3. - 4.
18	1	1,72	11.
19	3	5,16	7. - 9.
20	2	3,49	10.
21	9	15,52	1. - 2.
22	3	5,16	7. - 9.
23	8	13,79	3. - 4.
24	3	5,16	7. - 9.
<b>In total</b>	<b>58</b>	<b>100</b>	

The results of the second part of paired comparison show that the main threat and opportunity at the same time are the changes in the economy and financial policy of the state. The biggest threat is the budget cut that would seriously threaten the functioning of the hospice, which is already facing a bad financial situation. Key opportunity would be higher state benefits or the possibility of drawing money from EU structural funds.

The proportional share of strengths, weaknesses, opportunities and threats of the organization should indicate an adequate strategy.

Table 5: The proportional share of the S-W-O-T analysis

Indicator (frequency)	Share [%]	In total [%]
Strengths (43/78)	55,13	100
Weaknesses (35/78)	44,87	
Opportunities (33/58)	56,90	100
Threats (25/58)	43,10	

According to the results of SWOT analysis the best strategy for the Citadela centre is the S – O strategy, when the organization makes the best of its strengths and opportunities coming from the external environment.

### 5.1.6 The competitors

The competitors are organizations with the same mission and target group. Competitors compete for customers, but also for workforce, materials, etc. To maintain prosperity, companies must develop activities which would build competitive advantages.

#### **Hvezda Zlín**

The hospice centre is located in the regional city of Zlín. Its mission is to eliminate or alleviate symptoms of severe progressive incurable illnesses. The whole complex of services and care is adjusted to the patient's need. Patients are provided with general and specialized palliative care, including quality and effective treatment of pain. The capacity of this facility is 14 beds in single and double rooms.

[29]

#### **Svaty Kopecek Olomouc**

The hospice centre was established by the Archdiocese Charity Olomouc in the former pilgrimage house near Olomouc city. It was opened in the presence of Archbishop Jan Graubner on 28th November 2002. During more than six years of existence the hospice centre has been accommodated by 1800 clients. The centre has 25 accommodation units for 30 clients, 5 double rooms and 20 single rooms.

[30]

#### **Saint Lukas Ostrava**

The hospice centre is a specialized medical facility that provides hospice services and palliative care. It has been established on 17<sup>th</sup> September 2007. The capacity of this facility is 22 single rooms, 4 double rooms and 30 extra beds. Services provided by the centre include palliative hospice care, mobile hospice care, assistance and counselling.

[31]

#### **5.1.6.1 Competitiveness measuring**

For the purposes of comparison I chose Hvezda hospice centre in Zlin, for it is located in the same region as the Citadela hospice centre and addresses the same group of potential clients, sponsors and public and therefore it is a major competitor of Citadela centre.

Comparison was realized using following indicators:

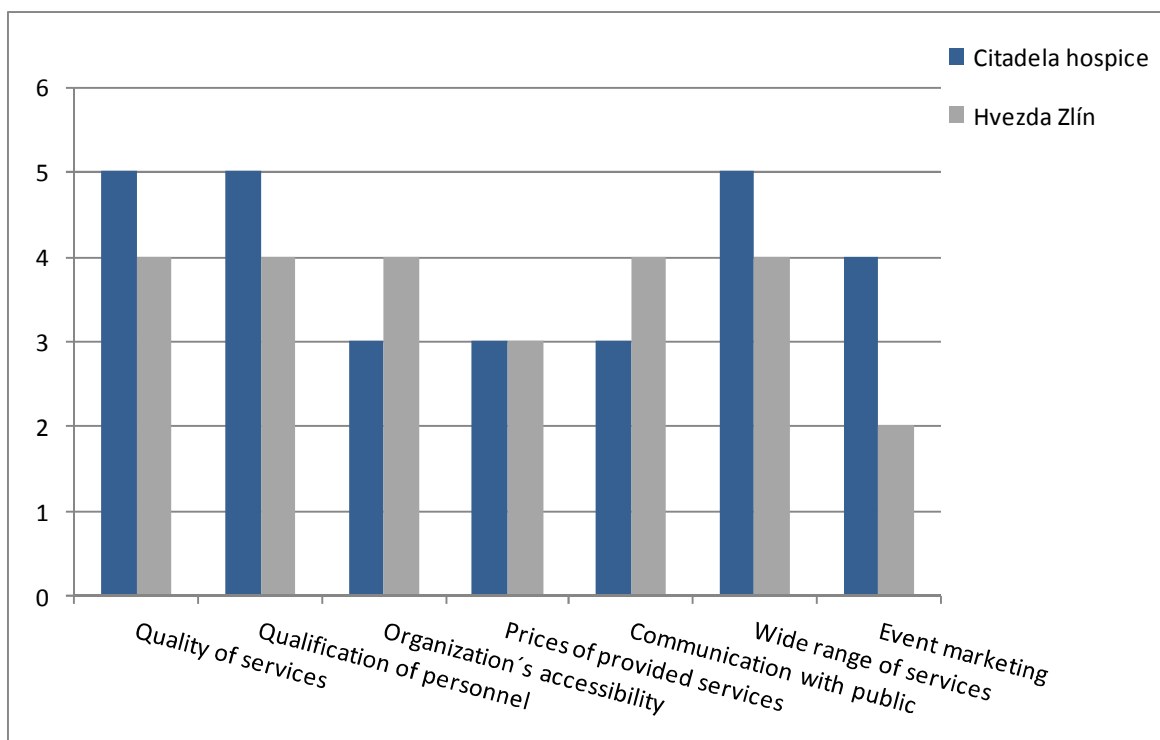
- quality of provided services;

- qualification of personnel, its approach and attitudes;
- accessibility of the facility;
- prices of provided services;
- communication with public;
- wide range of services;
- event marketing and support.

Table 6: Comparison of individual indicators

Indicator	Importance	Position	Rating (↓1 - 5↑)	
			Citadela	Hvezda Zlín
Quality of services	0,20	1.	5	4
Qualification of personnel	0,18	2.	5	4
Organization's accessibility	0,15	3.	3	4
Prices of provided services	0,14	4.	3	3
Communication with public	0,12	5.	3	4
Wide range of services	0,11	6.	5	4
Event marketing	0,10	7.	4	2
<b>In total</b>	<b>1</b>			

Graph 1: Competitive comparison of Citadela hospice centre and Hvezda Zlin centre



Results of the comparison with the competing organization Hvezda Zlin present the competitive advantage of Citadela centre in the quality of provided services, which compensates its lower accessibility. Citadela's strongpoint is also good event marketing. Citadela should however strengthen its communication strategy for reaching the public and potential sponsors.

## **6 RECOMMENDATIONS**

Communication strategy and promotion of non-profit organizations is generally very poor. The presentation of non-profit sector to public is as important as presentation of profit sector. The analysis of medical facility Citadela centre displays the strengths and weaknesses, competitive advantages and disadvantages, and competitive organizations located in the same area. Based on the results of the analysis, I would like to propose several recommendations to strengthen the market position. Strengthening competitiveness in the non-profit sector is all about effective communication strategy. The two main target groups are potential clients or relatives, and other target group are the sponsors whose annual contributions occupy approximately 3% (circa 1,5 mil CZK) of the total income of the organization. The results of the SWOT analysis present the Citadela's strongpoint in wide range of high quality services and qualified personnel. It is now necessary to present these advantages appropriately and most efficiently to the public.

### **Creating Corporate Identity**

The organization lacks the corporate identity. Citadela is not presented by logo, slogan, colour or any other visual aid, because none of these were created so far. Therefore I would recommend creating whole corporate identity. The one-time investment will strengthen public awareness of the existence of the hospice. However, the investment can be eliminated dependently on the right choice of a designer. The hospice centre could enter into a close cooperation, for example, with the Tomas Bata University, Faculty of Multimedia Communications.

### **Enhancing external communication**

In these days of modern technology, the society searches for all information on the Internet. Therefore, the power of this media should not be underestimated. Up to this date, the Citadela hospice centre does not have sufficient web page and is presented within the web page of DECCB. I would recommend creating its own website using its own corporate image. The current website may present all necessary information, but the form and type of its presentation is rather cold and impersonal. The web page should have a clear structure providing all information and in order to create more personal impression the web page could also contain photos, comments, personal experiences. An effective tool may as well

be short promo video. To minimize the costs, there is again the possibility of asking for help from art students, or asking graphic agency for sponsorship in the form of services.

Sales promotion can be enhanced by effective distribution of promotional materials. Materials should be distributed in places of the likely occurrence of potential clients, i.e. hospitals, clinics, retirement homes, etc. Another good opportunity to distribute materials and information could be various seminars and lectures on hospice care or direct presentation of the hospice.

### **Establishing cooperation**

Equally important is cooperation with key subjects, such as systematic work with doctors who may inform the patients / relatives about the hospice centre and provide them with contact and recommendation. Another important contact may be cooperation with regional authorities or business entities that could offer financial and material help or counselling.

## CONCLUSION

The aim of my bachelor thesis was to analyze the image and competitive abilities of the non-profit healthcare institution located in the Zlín Region.

Firstly, I collected all the necessary information from study materials on the non-profit sector, marketing communications and competitiveness of the non-profit sector and elaborated the theoretical part of my thesis. I defined the concepts of non-profitability, marketing of the non-profit organizations and methods of competitive analysis.

To be able to analyze the image and competitive abilities of the non-profit healthcare organization, I first needed to become acquainted with the organization and its management. Then I elaborated the collected information. I briefly introduced non-profit healthcare sector and the organization I have chosen for my analysis. I analyzed its corporate identity and competitive abilities by using SWOT analysis and compared it with competing organization.

The results show that the organization has competitive advantage in form of best quality services. However, it lacks in efficient communication strategy which is crucial for the organization's functioning. Enhanced external public relations would result in strengthening the organization's position in the market, it would bring more clients and especially more sponsors, which would help to solve poor financial conditions.

In the conclusion, I suggested several ideas on improving the current situation. Up to this date, some of them have been realized. The organization addressed the Tomas Bata University, Faculty of marketing communications, and a group of students were assigned to create corporate identity and instruments of the Citadela centre's marketing communication.



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