

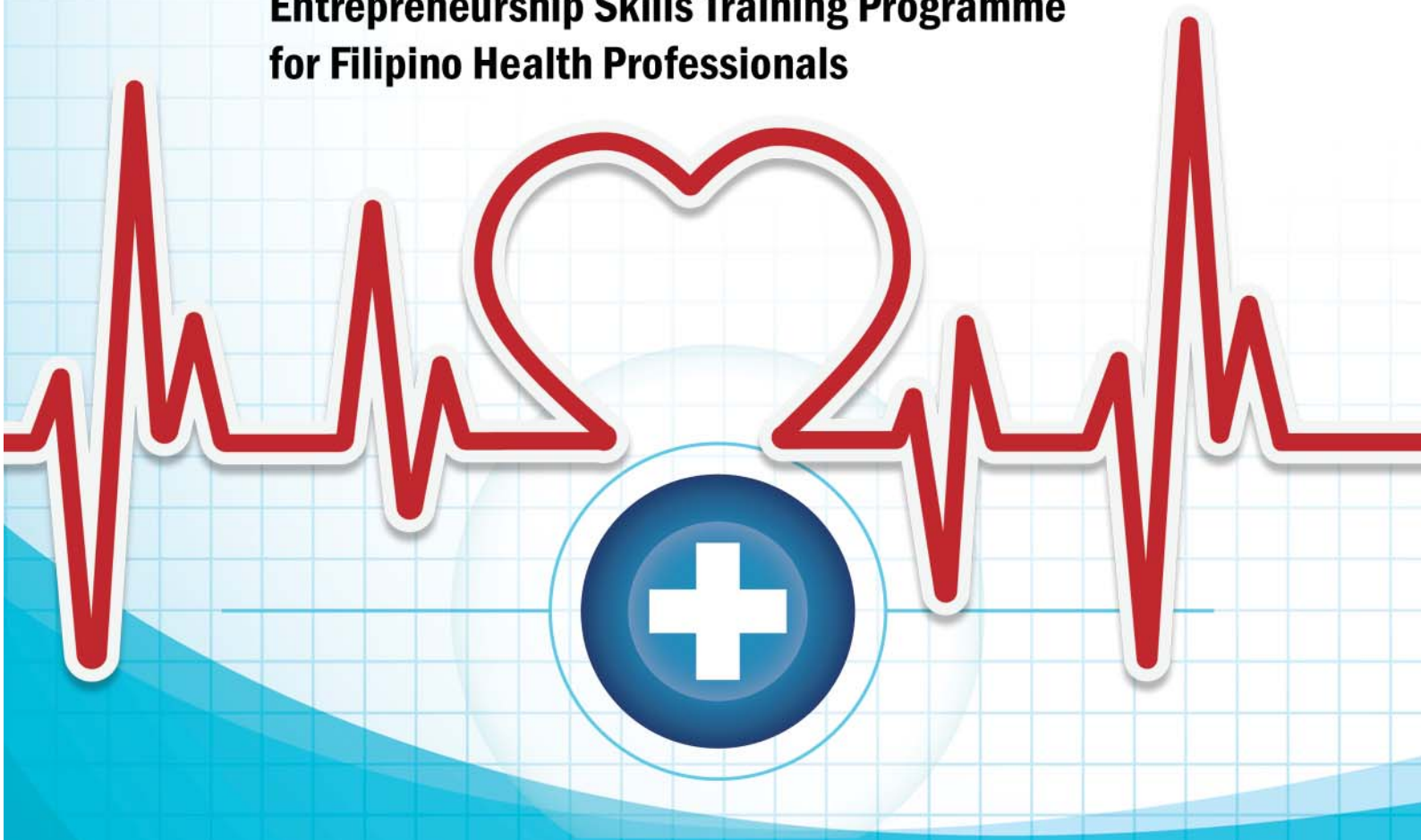


International
Labour
Organization

HealthBiz –

Returning Home to your Business

**Entrepreneurship Skills Training Programme
for Filipino Health Professionals**



DECENT WORK

A better world starts here.



HealthBiz – Returning Home to your Business

Entrepreneurship Skills Training Programme
for Filipino Health Professionals

Roberto Nebrida
2014

Promoting Decent Work Across Borders
Country Office for the Philippines

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INTRODUCTION



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To all future health entrepreneurs, I hope that the following pages will offer the initial wings that will allow you to fly high. Good luck.

Roberto Nebrida

4Ps	Programa Pantawid ng Pamilyang Pilipino
ADB	Asian Development Bank
AIM	Asian Institute of Management
COPD	Chronic Obstructive Pulmonary Disease
CVD	Cardiovascular Diseases
DBP	Development Bank of the Philippines
DOH	Department of Health
DOLE	Department of Labor and Employment
DTI	Department of Trade and Industry
DWAB	Decent Work Across Borders (ILO)
HEALTHBIZ	Health Business
HMO	Health Maintenance Organization
ILO	International Labour Organization
LGU	Local Government Unit
MeTA	Medicines Transparency Alliance
MMG	Medical Mission Group
MSME	Micro, small and medium enterprises
NGO	Non-Government Organization
NRCO	National Reintegration Center for OFW
OECD	Organization for Economic Cooperation and Development
OFW	Overseas Filipino Workers
OWWA	Overseas Workers Welfare Administration

PECs	Personal Entrepreneurial Competencies
PENTax	Personal Entrepreneurial Assessment Exercise
PHIC/PhilHealth	Philippine Health Insurance Corporation
PHANSUP	Philippine NGO Support Program, Inc.; also known as the Partnerships for Health Action, Nation-building and Socio-economic Upliftment
POEA	Philippines Overseas Employment Administration
SWOT	Strengths, Weaknesses, Opportunities and Threats
UHC/KP	Universal Health Care/Kalusugan Pangkalahatan
UNCTAD	United Nations Conference on Trade and Development
WHO	World Health Organization
Business	An organization or economic system where goods and services are exchanged for one another or for money.
Business idea	A short and precise description of the basic nature and operation of an intended business.
Competency	The capability to apply or use a set of defined knowledge, attitude, skill and practice or behaviours in a defined work setting.
Entrepreneurial competency	An underlying characteristic of a person in that it may be motive, traits, skills, aspect of one's self-image, a body of knowledge, set of skills and cluster of appropriate motives/traits that an individual possesses to perform in his or her business.
Entrepreneurship	The process of creating or seizing an opportunity and pursuing it regardless of the resources currently controlled.

HOW TO USE THIS MANUAL



Health	A dynamic state of well-being characterized by a physical and mental potential, which satisfies the demands of life commensurate with age, culture, and personal responsibility.
Health business	An economic unit that offers products and services that address health issues and/or promote health and wellness of individuals and communities.
Health ecosystem	The general environment in which a health business exists, which consist of seven factors: population, socio-cultural, political, economic, technological, ecological and legal.
Health system building blocks	The key elements that comprise a health delivery system: health services, health workforce, health information system, essential logistics and technologies, health financing, and leadership and governance.
Key informants	People who know a lot about the business you want to go into or know a lot about your potential customers.
Social enterprise	A business whose primary purpose is the common good.
Value chain	Interlinked value-adding activities that convert inputs into outputs which, in turn, add to the bottom line and help create competitive advantage.

Wellness

The overall process of maintaining a general state of good health.

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The ILO-DWAB and the NRCO are looking at the development of the entrepreneurial capacity of health professionals, as a potential source of employment or incentive for the return for migrant workers. Micro, small and medium enterprises (MSME) play a vital role in any development context. Among other benefits, MSMEs ensure:

- The promotion of full, productive and freely chosen employment
- Greater access to income-earning opportunities and wealth creation leading to productive and sustainable employment;
- Sustainable economic growth and the ability to react with flexibility to changes
- Increased domestic savings and investment
- Training and development of human resources
- Balanced regional and local development
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With this in mind, the following training programme is designed to enable health professionals to draw up a simple business idea and plan for the health enterprise they may wish to start. However, in order to produce a business plan, people need to have a clear idea of the business they propose to start. This is what this training programme is all about: to guide potential new health entrepreneurs through their business thinking process. This programme enables potential new micro and small entrepreneurs to generate and analyze their business ideas and select the best one, before turning it into a more concrete business plan.

Many Filipino health professional returnees have, over the years, established wellness centers, specialized clinics, hospitals, elderly facilities and diagnostic centers in the country. The goal of the following training programme, is to trigger entrepreneurship initiative among health professional workers and explore how an entrepreneurship, addressing the specificities of the Philippines health sector, can contribute to the establishment of health related facilities, in the hope to enhance the contributions of returned migrant health professional to the Philippines.

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ABBREVIATION



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The training material is meant to give opportunities for return and reintegration to the Philippines. Starting a health business is a serious endeavour that requires a lot of thinking, knowledge and resources that may require more support than this training programme is offering. Nonetheless, this training programme, while basic, provides any health professional with the opportunity to consider starting her or her business project.

As the target audience for this training programme is Filipino health professionals migrants and returnees, the ILO-DWAB and the NRCO have translated this training programme into one that is fully available on-line and therefore accessible anywhere around the world. Health professionals are encouraged to visit the website of the National Reintegration Center for OFW to find this particular training, and others offered by the NRCO. The on-line version of this training will be kept up to date more regularly than this printed version. It also offers more information on the available support networks and organizations available to those who would want to push their business idea further.

HOW TO USE THIS MANUAL



This manual, HealthBiz – Returning Home to your Business: Entrepreneurship Skills Training Programme for Filipino Health Professionals aims at the development of the entrepreneurial skills of Filipino health professionals. It is organized in two modules. The first module is intended for aspiring health entrepreneurs and focuses on the development of a business idea. The second module is a step-wise guide to transforming this health related business idea into a preliminary business plan.

Each module is divided into a series of sessions and sub-sections of a reasonable length, allowing you to plan your studying time at your own will, in the full respect of your busy schedule. Each sessions is a self-sustaining thematic unit .When you have little time, you can go through one or two sessions. And when you have some more time, you can add up modules to fit your schedule.

Nothing supports learning like doing! Therefore, this manual includes many practical activities whose goal is to put in practice the knowledge and skills introduced along the way. We strongly recommend that you do not go over these activities as we consider them essential in honing the many aspects of becoming an entrepreneur.

To further help you plan your studying time, you will find, at the beginning of each session, an indication of the time you may require to complete the session. This is of course a rough estimate which depends on the time you will spend in going through the material, reading the recommended extra information accessible on the internet (though the end note you will find at the end of this manual), or even venturing into the list of additional reading presented at the end of each session. The estimated time indicated at the beginning of the session accounts for the core material, the reading information accessible on the internet ((accessible through the end notes, at the end of this publication) and the exercise. It does not take into consideration the additional reading you will find at the end of each session.

Each session (except session 4 in Module one, which is akin to a summary of the earlier sessions 1, 2 and 3) ends with a knowledge review, whose objective is to contribute to your personal assessment of the knowledge you acquired. We have provided you the solution for these knowledge review at the end of this manual.

Lastly, this training programme has been made available on-line through the leadership of the National Reintegration Center for OFW's (NRCO), the Philippines' Department of Labor and Employment's agency overseeing the social and professional reintegration of Filipino migrant to the country. Although the content of the training programme is the same, the virtual support may be better suited to your learning style, and we invite you to visit the NRCO's website. The NRCO website also provides more information on possible organizations and entrepreneur networks, who may be able to provide you with more support, once you have gone through HealthBiz, as we are fully aware that this training programme is the first step toward becoming a health entrepreneur, and that more help may be needed in venturing into business.

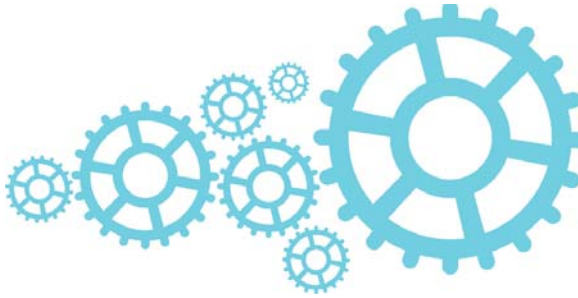
Finally, this manual is a guide, designed to help you consider the many factors you need to be aware of before you decide to invest your time, money and hopes into starting a business. Alas, there are no shortcuts or guarantees of success and running your own business is hard work, challenging but rewarding on many levels. Which is why you should also consider seeking professional advice before you start.

We wish you GOOD LUCK and much success in your endeavor!



Module 1:

What is Health Business all about?
And Which Health Business Idea is Best for You?



Introduction to Module 1:

“Let us cease to be empirical and routinary. Let us learn to progress. Let us seek the direct good, for life is short and the mission of (a person) is great. Let everyone fulfil his/her duties and obligations in the sphere in which he/she lives, not only for the sake of complying with and not failing the mandate, but to do good and to help in the common task of sacrifice (for) humanity.”

---Jose Rizal, National Hero of the Philippines (La Instruccion)

“Your time is limited, so don’t waste it living someone else’s life. You have to trust that the dots will somehow connect in your future. You have to trust in something -- your gut, destiny, life, karma, whatever. This approach has never let me down, and it has made all the difference in my life. The only way to do great work is to love what you do. If you haven’t found it yet, keep looking. Don’t settle.”

-- Excerpts from Steve Jobs, Founder and former CEO of Apple, Inc.
(Stanford University commencement address)

“Cooperatives play a particularly important role, particularly where private businesses hesitate to go into rural areas and public authorities do not provide basic services. They are often instrumental in providing opportunities for productive employment as well as provision of healthcare, education, water, improved sanitation, roads, and market access.”

-- Guy Ryder, Director, The International Labour Organization
(opening remarks to the UNRISD Conference on Social and Solidarity Economy,
6 May 2013)

“Social entrepreneurs are society’s change agents, creators of innovations that disrupt the status quo and transform our world for the better. By identifying the people and programmes already bringing positive change around the world, we empower them to extend their reach, deepen their impact and fundamentally improve society.

--Skoll Foundation

Welcome to the Health Business Course for Aspiring Health Entrepreneurs. Congratulations for taking the first step in creating your own business. Whether you are an experienced health professional or someone fresh out of school, we believe you made the right move to explore what entrepreneurship can offer not only you, but to your family as well. You may have heard of countless individuals who have succeeded in transitioning themselves from the demands of an eight-hour or even a 14-hour job to become masters of their own future. You are familiar with the daily routine of a health professional and you want to experience a different path. But becoming an entrepreneur is neither a walk in the park nor a bed of roses. You need to have a sense of purpose and determination, and a set of relevant entrepreneurial knowledge and skills. But it is immensely exciting if you get the handle of it. That is why this online course was designed to help you learn the basics of health entrepreneurship at your own time and pace.

The first module of HealthBiz is intended for aspiring health entrepreneurs like you. In this course we will help you:

1. Understand the concept of creating wealth for all through a health business;
2. Assess your capability to venture into a health business;
3. Identify potential business ideas;
4. Select the best idea/s; and
5. Define the concept of the business idea you chose.

There are four short sequential sessions. The first session progresses into the next, thus we advise you to go through each session in the order these are presented here. Each session requires a certain degree of critical thinking, but you should find it fun as you explore yourself and the things around you using an entrepreneur's lens. Within or at the end of the session you will be asked to go through some exercises or activities. These exercises are intended to help you get the best out of the topics presented and discussed. Likewise, these will give you the opportunity to immediately apply the lessons and/or tools to tackle or clarify key issues or points that are essential in pursuing entrepreneurship, especially in the health sector. Let's now start by clicking Session 1.

Session 1



What is a Health Business?

Session Objective:

Discuss the concept of creating wealth through a health social business.

Introduction:

The session objective is to discuss the concept of creating health through a health business. Under this objective are three learning points:

1. Health as a social business;
2. A health business exists in an ecosystem and is part of a value chain; and
3. Business opportunities may be identified by understanding the value chain and its ecosystem.

The session starts by tackling the concept of creating wealth for all through a viable and profitable health business. As a health professional, you are aware that good health is the ultimate desire of every person in his or her life. But health as a business in itself or as a tool to pursue profits and create wealth for all might be something vague or even uncomfortable to you. After all, you were educated and trained to take care of the sick regardless of a person's socio-economic situation. We will clarify these things by taking a look at what "health" and "business" are all about. Do they contradict each other? Or can they be seen as "yin" and "yang" that co-exist and complement each other?

Next, we will try to understand the ecosystem in which a typical health business exists and the value chain where a business is part of. The factors in a health sector ecosystem and the building blocks of the health system of a certain locality will be discussed. The elements of a health-care value chain will also be discussed.

Finally, we will explore wealth-creation opportunities and potentials in the health sector using the health system building blocks as the frame of analysis. We will do this through an activity that asks you to scan the Philippine health sector situation and identify business opportunities and potentials.

We will end the session by giving you examples of health businesses in each building block.

1.1 Health As Social Business



Estimated Time: 30 minutes
(60 minutes including readings)

Health

What is “health”? The World Health Organization (WHO) defines health as “a complete state of physical, mental and social well-being, and not merely the absence of disease or infirmity”. That definition was made half a century ago and now other definitions are being accepted. Johannes Bircher, an emeritus professor of internal medicine and clinical pharmacology at the University of Bern in Switzerland, defines health as “a dynamic state of well-being characterized by a physical and mental potential, which satisfies the demands of life commensurate with age, culture, and personal responsibility. If the potential is insufficient to satisfy these demands, the state is disease.” As you can notice, this considers the impact of one’s well-being beyond him/herself by including culture and personal responsibility in the definition.

Health and Wellness

Sometimes you hear the phrase “health and wellness”. According to Wikinvest.com, “health and wellness are often used interchangeably, but they have slightly different meanings. Health is more of a medical term and describes the physical and mental state of a person. It usually denotes a lack of disease or abnormality. Wellness, on the other hand, is defined as the overall process of maintaining a general state of good health. Wellness involves conscious decisions on the part of the individual, whereas health simply describes a person's condition. In modern usage, however, the combined phrase health and wellness has come to mean the pursuit of overall physical, mental, and emotional health. This term is used frequently in various contexts, all aimed at promoting a better lifestyle.”

Business

And what is business? BusinessDictionary.com defines business as “an organization or economic system where goods and services are exchanged for one another or for money. Every business requires some form of investment and enough customers to whom its output can be sold on a consistent basis in order to make a profit.” This traditional business definition emphasizes profit-taking for the investor. In recent years, however, another emphasis came out with the growing popularity of social businesses or social enterprises.

Social Enterprise

The Social Enterprise Alliance defines “social enterprises (as) businesses whose primary purpose is the common good. They use the methods and disciplines of business and the power of the marketplace to advance their social, environmental and human justice agendas.” Likewise, the Yunus Social Business website describes a social business as “a non-dividend company created to solve a social problem. Like an NGO, it has a social mission, but like a business, it generates its own revenues to cover its costs. The International Labour Organization (ILO) defines social enterprise as: “...enterprises which produce goods, services and knowledge while pursuing both economic and social aims and fostering solidarity”. While investors may recoup their investment, all further profits are reinvested into the same or other social businesses. Let us listen to Professor Muhammad Yunus, a Nobel Prize winner, explain his concept of a social business in the You Tube link you will find looking in the link provided in the present end note⁴

In the Philippines, good examples of social health enterprises are clinics and pharmacies owned and operated by cooperatives. In the eastern Visayas, for instance, a number of credit cooperatives have ventured into pharmacies and clinics to better serve their members. In other parts of the country, a number of cooperative hospitals, such as the [MMG Cooperative Hospital in Bulacan](#)⁵, were also established by doctors and other health professionals.

Based on the above definitions or descriptions, we can compare a traditional business with a social business or enterprise as follows:

Element	Traditional Business	Social Business/Enterprise
Key motivation	To earn a profit	To address a social issue
Revenue model	Sell products/services	Sell products/services
Primary use of income	Dividends to owners or investors	Re-investments to the business or other similar businesses

Health Business or Enterprise

So what then is a “health business”? From our discussion above, we define a health business as an economic unit that offers products and services that address health issues and/or promote health and wellness of individuals and communities. Products and services are offered for certain fees to cover costs and earn a reasonable income or profit, which may be primarily distributed as dividends to investors or reinvested into the business to further pursue a social objective.

Whether primarily driven by the owner’s motivation to earn an income or by a desire to pursue a social mission to improve health services and access, or both, a health business serves as a mechanism to promote wealth creation for the benefit of all stakeholders -- clients, owners, investors, employees, suppliers, etc. Health then becomes both a means and an end of the entire business process.



Additional reading:

1. Re-defining Health www.who.int/bulletin/bulletin_board/83/ustun11051/en/
2. Health and Wellness www.wikinvest.com/concept/Health_%26_Wellness
3. Financing of Social Business www.yunussb.com/social-business/
4. What's a Social Enterprise www.se-alliance.org/what-is-social-enterprise
5. Sustainable Enterprise: creating more and better jobs: ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/publication/wcms_175537.pdf
6. Introduction to Social Enterprise: www.dpiap.org/upload/2013-05-14-04.pdf



1.2 The Health Business Ecosystem and Value Chain

Estimated time: 60 minutes
(90 minutes including the reading)

Factors in a Health Business Ecosystem

Just like any business or enterprise, a health business exists in an ecosystem that either promotes or stunts its development. According to [Carlos Guarnizo Olivera from the Social Genome⁶](#), there are seven sets of factors in this ecosystem:

- 1) **Population factors:** includes age, sex, genetics, way of thinking, aspirations, competencies (knowledge, attitudes, skills and practice), values, lifestyle, health and nutrition status, educational level, etc.
- 2) **Socio-cultural factors:** includes forms of living together and family education, access and quality of housing and health services, access and quality of education, access and quality of legal and other social services, access and quality of recreational services, access and quality of transportation services, level of security and citizen protection, level of internal and external migration, level of inequity, discrimination and social exclusion, level of openness or religious dogmatism, level of civic development and respect for rules, level of adaptation to general changes, level of development of artistic and cultural expression, level of social cohesion, etc.
- 3) **Political factors:** includes existing governmental policies, level of representation and governance, level of transparency and accountability, level of graft and corruption, level of democracy and citizen engagement, level of political maturity, etc.
- 4) **Economic factors:** includes level or extent of poverty, level of personal or family savings, level and kind of employment, level of productivity and competitiveness, level of the production of value-added products, level of access to credit, level and efficiency of government spending, level and type of trade and investment, etc.

- 5) **Technological factors:** includes the presence of artisanal and industrial technology, level of information and communication technology, level of biomedical technology, level of educational technology, etc.
- 6) **Ecological factors:** includes access and level of systems for water and sanitation, access and level of solid waste management systems, status of air and water pollution, presence of disaster risk reduction and mitigation systems, level of the use of renewable and non-renewable energy, etc.
- 7) **Legal factors:** includes the presence of appropriate laws and regulations, presence of a reliable judicial system, level of respect of the rule of law, level of protection of intellectual property rights, presence of fair and efficient regulatory and enforcement mechanisms, etc.

The above list depicts an intertwined and interacting web of several elements that affect the health service delivery system of a given locality, as well as the planning, establishment and operation of any business. A good understanding of these elements is necessary for any health entrepreneur to succeed in his or her chosen venture. The effects of these factors to your business vary depending on its nature, scale or location. For instance, a pharmacy has a different set of regulatory framework compared to that of a hospital.

Imagining ourselves inside the ecosystem with the different factors described above, let us now look into the key elements or “building blocks” of a well-functioning health system.

Health System Building Blocks

WHO has identified building blocks that comprise the health service delivery system of a particular locality. The six building blocks are enumerated below.

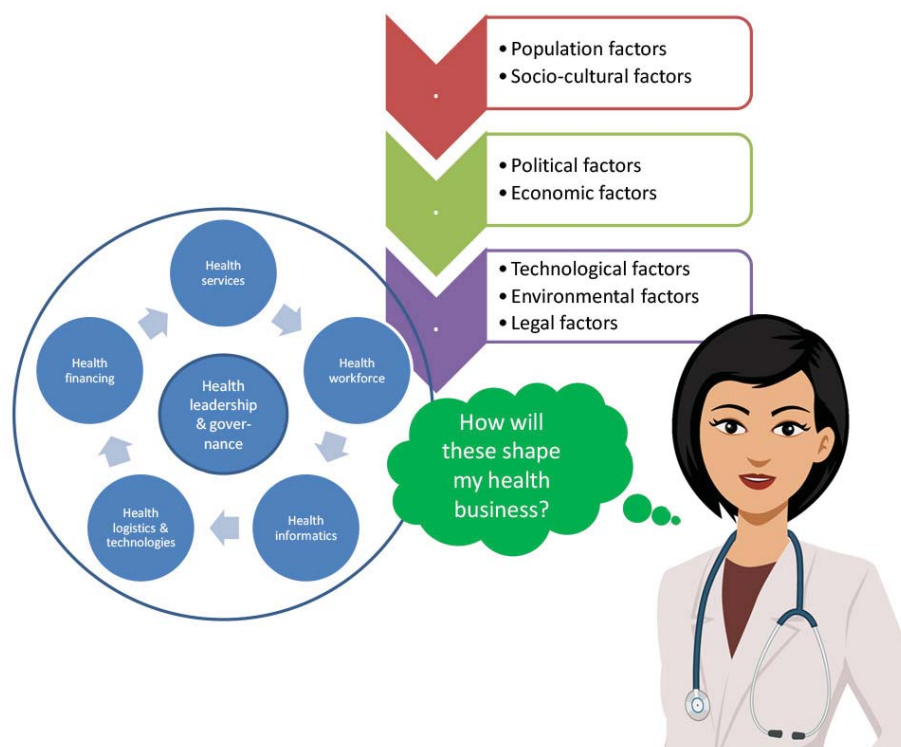
1. Good **health services** are those which deliver effective, safe, quality personal and non-personal health interventions to those who need them, when and where needed, with minimum waste of resources.
2. A well-performing **health workforce** is one which works in ways that are responsive, fair and efficient to achieve the best health outcomes possible, given available resources and circumstances. For example, there are sufficient numbers and mix of staff, fairly distributed; they are competent, responsive and productive.
3. A well-functioning **health information system** is one that ensures the production, analysis, dissemination and use of reliable and timely information on health determinants, health systems performance and health status.
4. A well-functioning health system ensures equitable access to **essential medical products, vaccines and technologies** of assured quality, safety, efficacy and cost-effectiveness, and their scientifically sound and cost-effective use.

5. A good **health financing system** raises adequate funds for health, in ways that ensure people can use needed services, and are protected from financial catastrophe or impoverishment associated with having to pay for them.
6. **Leadership and governance** involves ensuring strategic policy frameworks exist and are combined with effective oversight, coalition-building, the provision of appropriate regulations and incentives, attention to system-design, and accountability.

It is government's responsibility to set-up and maintain these building blocks and ensure that they function optimally. As a responsible health entrepreneur it is your duty to shape and align your business to specific government priorities that seek to strengthen these building blocks.

The illustration (Figure 1) below shows the sets of health ecosystem factors and of health system building blocks interacting with each other, thereby creating a situation that affects how you design and operate your health business.

Figure 1. Health Ecosystem Factors and Building Blocks



Another framework where they can align their businesses to and that is locally established is DOH's Universal Health Care. You will find more information on this, in section 1.3.

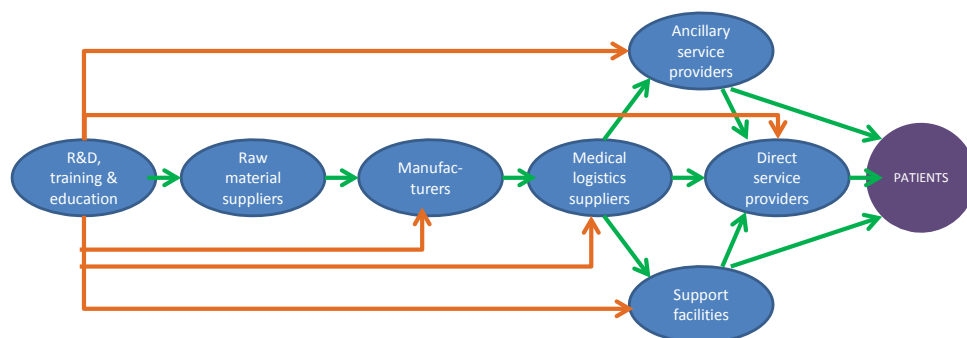
Health-care Value Chain

A health business unit is part of an industry value chain. What is a value chain? [Businessdictionary](https://www.businessdictionary.com/definition/value-chain.html)⁷.com defines value chain as “interlinked value-adding activities that convert inputs into outputs which, in turn, add to the bottom line and help create competitive advantage”.

At the level of the health-care industry, a value chain (Figure 2) typically consists of:

1. Health and wellness direct service delivery facilities such as hospitals and clinics;
2. Support service facilities such as diagnostic centres and pharmacies;
3. Suppliers such as distribution or logistics handlers;
4. Manufacturing facilities such as pharmaceuticals and equipment/supply manufacturers;
5. Ancillary service providers such as information and communication facilities, health maintenance organizations (HMOs), security and housekeeping companies, and financing institutions including employers;
6. Research, training and educational institutions; and
7. Raw material suppliers for drug, equipment and goods manufacturers. You will note that while these clusters resemble a “chain” leading to the patient or customer, they are also interconnected like a web. As a health entrepreneur, you can decide in which part of the value chain you will situate your business. The set of ecosystem factors describe above all affect, to a varied extent, the health-care industry value chain.

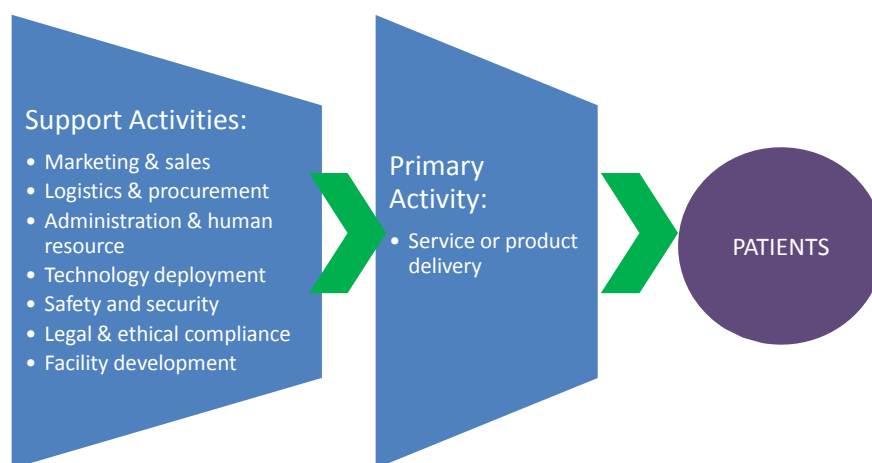
Figure 2. Industry-Level Value Chain



Source: Department of Health of the Philippines

At the firm level, the value chain (Figure 3) is a chain of activities that a firm performs in order to deliver a valuable product or service for the patient or customer. The primary service or product provision (or what we call as customer or patient touch points). Support activities include: marketing and sales, logistics and procurement management, technology deployment, administration and human resource management, safety and security management, legal and ethical compliance, and facility development.

Figure 3. Firm-Level Value Chain



After discussing health ecosystems, health system strengthening frameworks and value chains, you can now have a clearer idea of the overall landscape in which your prospective health business will be part of. If you need to explore deeper we suggest you read the suggested readings or references in this topic.



Additional reading:

1. Healthcare Ecosystem: Linking Logistical Flows and Clinical Flows www.chca.ca/media/pdf-education/CR03-04.pdf
2. The WHO Health Systems Framework www.wpro.who.int/health_services/health_systems_framework/en/index.html
3. The Wharton School Study of Health Care Value Chains [ftp://ftp.unicauca.edu.co/Facultades/FIET/Materias/Gestion_tecnologica/2005/Clase%203/healt%20chain%20value.pdf](http://ftp.unicauca.edu.co/Facultades/FIET/Materias/Gestion_tecnologica/2005/Clase%203/healt%20chain%20value.pdf)

1.3 Wealth-creation Opportunities and Potentials in the Health Sector



Estimated Time: 120 minutes
(180 minutes including readings)

The Philippine Health Sector: Opportunities and Potentials

Now that you have an overview of the health-care industry and its building blocks and value chains, we will try to understand what is happening in the country's health sector in recent years (at least from 2005 onwards). Below are online references that deal on various aspects of the health sector. We encourage you to read these materials and gain a deeper understanding of the Philippine health situation. You need information and insights from these references to do the next activity.

The required readings are listed below. Each of these can be found through the links provided in the corresponding end notes.

- 1) [The Philippine Health System at a Glance⁸](#). The article presents the status of health financing, health delivery system, health outcomes and health reform initiatives. It provides data on out-of-pocket expenses, available facilities, the top causes of mortality and morbidity, and disease trends, among others.
- 2) [The Philippines Health System Review⁹](#). The report examines the different approaches to the organization, financing and delivery of health services in the country.
- 3) [Health at a Glance: Asia Pacific 2012¹⁰](#). This report is published by the Organization for Economic Co-operation and Development (OECD) and WHO. This document gives comprehensive, comparative data on health across Asia and the Pacific. It gives you an idea where the Philippines is in terms of specific health indicators vis-a-vis other countries.
- 4) [Health Care in the Philippines¹¹](#). This website is written by an expat. This article balances negative perceptions about the country and its health system. If you are eyeing for the expat market then this is a good read, as you can glimpse their concerns, perceptions and needs.
- 5) [Health Statistics¹²](#). This is a section of the Department of Health's (DOH) website that gives you the latest official health data that include, among others, causes of mortality, live births, and selected causes of death by region, etc.
- 6) [Maternal Mortality Rose in 2011¹³](#) is an article from the newspaper Inquirer. It is somewhat dated but it gives you an idea how serious and controversial maternal health is in the country. One of the policy measures to address this, the [Reproductive Health Bill¹⁴](#), was already passed into law late in 2012, but critics have filed a petition in the Supreme Court, which issued a temporary restraining order to stop its implementation.

- 7) [Determinants of Health¹⁵](#). This is an article from the website HealthyPeople.gov that explains five determinants of health: policy making, social factors, health services, individual behaviour, and biology and genetics. It gives you a frame to understand key elements that affect the health and well-being of people.
- 8) [The Determinants of Health¹⁶](#) is another article from the WHO website. It discusses in detail the positive and negative impacts of transport, food and agriculture, housing, waste, energy, industry and urbanization. It provides you a handle in projecting possible health scenarios in your locality.
- 9) [Social Determinants of Health¹⁷](#). This is an article published by the newspaper Inquirer that presents the health situation of the country using the social determinants of health.
- 10) [Health Poverty and Equity Mechanisms in the Philippines \(Health Burdens\)¹⁸](#) This paper evaluates the country's health equity mechanisms and programmes. It highlights the need and opportunity to address the challenges posed by catastrophic illnesses such as cancer, diabetes, renal failure, chronic obstructive pulmonary disease (COPD), cardiovascular diseases (CVD) and hypertension.
- 11) The [Universal Health Care or Kalusugan Pangkalahatan Agenda¹⁹](#) This web page gives an overview of the current government health agenda known as Universal Health Care. It presents the key priorities of the Aquino Administration in terms of healthcare for all Filipinos.
- 12) [Overview of Health Sector Reform in the Philippines and Possible Opportunities for Public-Private Partnerships²⁰](#). Written by academics at the Asian Institute of Management (AIM), the paper presents a brief history of health sector reform in the country, the challenges facing the health sector, the health sector reform agenda, and the public-private partnership strategy of the government.
- 13) [Towards Universal Health Care²¹](#). This is a presentation by the Medicines Transparency Alliance (MeTA) summarizing the proceedings of a health summit in 2010. It presents the summit's perspectives, insights, lessons and recommendations.
- 14) [Philippine Medical Tourism Compendium: Executive Summary²²](#). This Slideshare article gives the executive summary of the country's medical tourism compendium. The summary highlights three areas in which the country has competitive advantages: elective surgery (especially cardiovascular care, joint replacement and eye care), aesthetic services, and wellness treatment and alternative medicine.
- 15) [What Makes the Philippines the Heart of Asia²³](#). This is an Inquirer article that discusses the government's medical tourism programme and highlights the strengths of the country as a medical tourism destination.
- 16) [Medical Tourism in the Philippines²⁴](#). This is the website of the Aesthetic Institute of the Philippines (AIP) highlighting the potentials of the country for medical tourism.

- 17) [DBP Gets PHP 2.2B Loan for Health-Care Programme²⁵](#). This is an article on the website of the Development Bank of the Philippines, announcing the PHP 2.2B loan facility for health ventures.

In the next activity (activity 1) you will be asked to list business opportunities and potentials as may be gleaned from the required readings. To do this, we will use the six building blocks of the health system as a frame to identify opportunities and potentials ready to be tapped by health entrepreneurs like you. Below are sample business opportunities and potentials based on the current situation of the country's health sector.

	Health System Building Block	Sample Opportunities and Potentials
1	Health services	<p>1.1 The increasing number of dying mothers due to pregnancy-related causes (i.e., maternal mortality ration of 221 per 100,000 live births) is an opportunity to set up birthing clinics operated by health professionals such as midwives in strategic areas, which offer the potential to improve access to maternal health services by women.</p> <p>1.2 With non-communicable diseases becoming a major concern, there is an opportunity for nurses to offer specialized care to certain patient groups within the community as an independent nurse practitioner.</p> <p>1.3 Decreased family support for the elderly due to migration of families. This offers an opportunity to set up nursing homes for the elderly.</p>
2	Health workforce	<p>2.1 There's a glut of newly licensed nurses who are unemployed. This offers an opportunity to tap the services of nurses in setting up health businesses.</p> <p>2.2 The highly skilled nurses working abroad have the potential to share their expertise or provide specialized services to areas in need, especially rural areas on an occasional basis.</p>
3	Health information system	<p>3.1 Most managed public health facilities managed by local government units (LGUs) have limited information management systems capacity. This presents an opportunity to design</p>

	Health System Building Block	Sample Opportunities and Potentials
		<p>and develop an IT-based system to be used by these health facilities.</p> <p>3.2 Mobile health or mHealth²⁶ is becoming popular as more and more Filipinos now own android cellular phones or have access to the Internet. It has the potential to be used in patient monitoring and follow-up and in other applications.</p>
4	Health logistics (medicines, equipment, technologies, etc)	<p>4.1 Available data show that more than 50 per cent of out-of-pocket expenses for medical care are used for medicines and diagnostic procedures. There is a potential to lower this monetary burden by setting up a cost-effective system for patients to access affordable medicines and diagnostic services.</p> <p>4.2 Franchising opportunities for pharmacies and clinics are available.</p>
5	Health financing	<p>5.1 The expanded PhilHealth²⁷ coverage under the government's universal health-care agenda. This offers an opportunity for service providers to reimburse fees for health-care services rendered not only to employed members, self-practicing professionals, pensioners/ retirees, and OFWs, but also to marginalized/ less privileged members.</p> <p>5.2 The Development Bank of the Philippines (DBP) under its Development Financing Programme²⁸ caters to social oriented projects, particularly available loans for health projects. This presents an opportunity to kick-start a business idea in need of funds. This is a health-dedicated loan facility financed by the Asian Development Bank (ADB).</p>
6	Health leadership and governance	<p>6.1 The government is encouraging public-private partnerships on health, providing a good opportunity for health investors to have a joint venture with government in setting up health facilities.</p>

	Health System Building Block	Sample Opportunities and Potentials
		6.2 The government has a medical tourism programme that promotes the development of the medical tourism industry, a potential dollar earner to the country and to investors.

Why Invest in the Health Sector?

As you can see from the above sample list, there are lots of opportunities and potentials available to aspiring health entrepreneurs. Now is the best time to invest in health for three things: i) the demand for quality, timely and affordable health-care services exceeds available supply; ii) the government has friendly policies encouraging public-private partnerships on health; and iii) nurses and other allied professionals are readily available to fill in the workers needed by new health businesses. And, being a health professional, this industry is your natural domain.



Activity 1.1

After reading the articles in the suggested reading provided after each section, list down below additional business opportunities and potentials for someone who would like to invest in a health business.

	Health System Building Block	Sample Opportunities and Potentials
1	Health services	
2	Health workforce	
3	Health information system	
4	Health logistics (medicines, equipment, technologies, etc)	
5	Health financing	
6	Health leadership and governance	

Looking at the lists above you can now start thinking about specific business ideas that you may wish to consider.

1.4 Examples of Health Businesses



Estimated Time: 20 minutes
(60 minutes including links)

Profitable Businesses

Before we end this session, let us look at some examples of actual health businesses or enterprises operating in the country:

	Health System Building Block	Example of Actual Health Businesses
1	Building Block	1.1 Lorma Medical Center ²⁹ , City of San Fernando, La Union. Founded by Dr Rufino Macagba, Sr. 1.2 Belo Medical Group ³⁰ , Manila. Established by Dr Vicky Belo. 1.3 Mother Bles Birthing Clinics ³¹ , Palo, Leyte. Established by Sr/Dr Eloisa David. 1.4 Well Family Midwife Clinic ³² .
2	Health workforce	2.1 The East West Review Center founded by Ma. Estela M. Layug. 2.2 The University of the East -- Ramon Magsaysay. Memorial Medical Center.
3	Health information system	3.1 LIFEDATA EMR by LIFEDATA Systems Inc. ³³ , which develops software solutions for health data management.
4	Health logistics (medicines, equipment, technologies, etc)	4.1 Baguio Heart and Lung Diagnostic Center, Baguio City. Established by Dr Efren Vicaldo. 4.2 Generika Drugstore ³⁴ , a national chain of drugstores offering quality affordable generic medicines. 4.3 The Generics Pharmacy ³⁵ . 4.4 ENAC Coop Pharmacy ³⁶ (a social health enterprise), in the city of San Fernando, La Union. Established by PHANSUP ³⁷ -- Philippines NGO Support Programme.
5	Health financing	5.1 Maxicare ³⁸ , founded by Dr Roberto K. Makasaet. 5.2 Caritas Health Shield ³⁹ .
6	Health leadership and governance	6.1 The Ateneo School of Medicine and Public Health ⁴⁰ and its training programme on leadership and governance.

You will notice in the above list of sample actual health businesses that most of these were founded or established by health professionals such as doctors and nurses. This is proof that health professionals possess the entrepreneurial acumen to start, operate and sustain a health business.



Knowledge Revue – Session 1

In order to verify your acquisition of the knowledge discussed in the previous section, go through the ten following questions. The responses to the questions can be found at the end of this training manual.

- 1) Health is a dynamic state of well-being. It does not only involve the absence of disease or infirmity but a complete state of physical, mental and social well-being.
 - a) True
 - b) False
- 2) Health and wellness are used synonymously to promote a better lifestyle.
 - a) True
 - b) False
- 3) The key motivation of a social enterprise is to address a social concern or issue, to sell products, and earn a profit
 - a) True
 - b) False
- 4) The primary use of income in social business or enterprise is _____
 - a) Dividends to investors
 - b) Re-investments to similar businesses
 - c) Profit to owners
- 5) Health business exists in an ecosystem which promotes or stunts its progress. Which among these factors are part of the ecosystem:
 - a) Socio-Economic- Demographic factors
 - b) Stakeholders in health factors
 - c) Cultural factors
 - d) a and b
 - e) b and c
 - f) all
- 6) These health business ecosystem factors may affect your business depending on its _____
 - a) Nature, product or location
 - b) Scale, location, nature
 - c) Product, process, scale
- 7) To complement health business ecosystems are descriptions of the health delivery system. Collectively this is known as
 - a) Building blocks
 - b) Universal health care
 - c) Both

- 8) It is _____ duty to ensure establish, maintain and sustain the functionality of the health delivery system as a whole.
- a) Government's
 - b) Private sector's
 - c) Health entrepreneur's
- 9) Activities that an entity performs in order to render valuable products or services for its clients. Its primary activity is service or product provision.
- a) Industry value chain
 - b) Firm level value chain
 - c) Health entrepreneur level value chain
- 10) Gaining a proper understanding the health ecosystem and value chain is important in helping the health entrepreneur explore his or her prospective business.
- a) True
 - b) False



Session 2

Do You Have What It Takes to Venture Into a Health Business?

Session Objective:

Assess capability to venture into a health business.

Introduction

The module 1 gave you an overview of creating wealth and health through the process called business. Here we will help you take a critical look at yourself as an aspiring health entrepreneur. You will learn to assess your capability to venture into a health business. By capability we mean your qualities, passion and competencies relevant in going into business. You will be given tools and exercises to guide you in unlocking your potential into becoming a successful health entrepreneur. You will identify your strengths and weaknesses, think deeply about your passion, and take stock of what you can do well or even differently as a person (i.e., your competencies). From there, you will determine your own inclination in business.



2.1 Personal Assessment

Estimated Time: 90 minutes

What is Entrepreneurship?

Before we proceed, let us define the word entrepreneurship. According to experts from [Stanford University](#)⁴¹, "entrepreneurship is the process of creating or seizing an opportunity and pursuing it regardless of the resources currently controlled". There are two key concepts in this definition. One is "creating or seizing an opportunity" and another is "pursuing the opportunity regardless of the resources currently controlled". It is basically generating an idea out of a given or predicted situation and turning it into a reality in a way that pushes you beyond your perceived limits. For this to happen, you need to have essential qualities that enable you to identify, initiate and grow an entrepreneurial venture.

Starting your own business can be risky and entails a lot of commitment, dedication and hard work. A health business is highly specialized as it requires licensed professionals and has to comply with stringent standards and regulations and is therefore not easy, but with strong determination, enough resources and effective strategy it can be very rewarding.

Before you think of a business idea it is important to find out if you are suited to be a health entrepreneur and run a business of your own. Below is a personal entrepreneurial assessment exercise developed by [PENTAx⁴²](#), a development, financial and management consultancy and training firm, that helps you understand the qualities of a successful health entrepreneur and enables you to assess your ability and your potential to start and operate your own health enterprise.



Activity 1.2

The [PENTAx⁴³](#) covers 11 parameters, which correspond to the 11 essential qualities a health entrepreneur should possess. Each parameter contains five pairs of statements. This is about you! So BE HONEST in your answers. There is no right or wrong. By being honest you will come to know the real you. The process will help you understand yourself -- your motivations, your attitude, and your abilities. Note that these may change over time as you gain more experience. Your entrepreneurial inclination may not be very apparent now, but this might become more visible once you are exposed to different situations.

Column A and Column B contain statements. Either Column A statement or Column B statement is true for you.

- If the statement in Column A is true for you put a 2 score in the box or space at the end of the statement.
- If the statement in Column B is true for you put a 2 score in the box or space at the end of the statement.

Parameter 1: Motivation for Starting a Business			
Column A	Score	Column A	Score
I have a job.		I do not have a job.	
I learn something from every job that I have. I find work interesting.		I only work to earn money. There is not much enjoyment or interest in work.	
I want to make my business my career.		I want to be in business because I do not have other options.	
I want to own a business so that I can provide a better lifestyle for my family.		I want to be in business because I want to be successful. Rich people own their businesses.	
I am convinced that my success or failure depends mostly on my efforts.		A person needs lots of favours from others to succeed in whatever they do.	
Total Score		Total Score	

Parameter 2: Risk-taking Abilities			
Column A	Score	Column A	Score
I am convinced that to advance further in life, I must take risks.		I do not like taking risks, even if there is a chance of big rewards.	
I think there are opportunities in taking risks.		If I have a choice, I prefer to do things the safest way.	
I take risks only after evaluating the advantages and disadvantages.		If I like an idea, I take risks without thinking of the advantages and disadvantages.	
I am willing to accept that I may lose the money I invest in my business.		I find it difficult to accept that I may lose the money I invest in my business.	
In doing anything, I do not always look for complete control over a situation as long as I have enough control over it.		I like to be in total control of whatever I do.	
Total Score		Total Score	

Parameter 3: Perseverance and Ability to Deal with Crisis			
Column A	Score	Column A	Score
I do not give up easily even if I am faced with terrible difficulties.		If there are many difficulties, it is not really worth fighting for something.	
Setbacks and failures do not discourage me for long.		Setbacks and failures affect me badly.	
I believe in my ability to turn the tide of events.		There is only so much a person can do himself or herself, fate and luck play a big part.	
If people say no to me, I take it lightly. I try my best to change their minds.		If people say no to me, I usually feel bad and drop the issue.	
I keep calm in a crisis situation and work out the best response.		I get confused and nervous when a crisis situation develops.	
Total Score		Total Score	

Parameter 4: Family Support			
Column A	Score	Column A	Score
I will involve my family in business decisions that will affect them.		I will not involve my family in business decisions that will affect them.	
My family will understand that I am not able to spend so much time with them because of business commitments.		My family will be upset if I am not able to spend as much time with them because of my business commitments.	
If my business is not very successful at first, my family will be willing to put up with financial hardships it may cause them.		If my business is not very successful at first, my family will be very angry about the hardships it may cause them.	
My family will be willing to help in my business difficulties.		My family will probably not be willing or able to help me in my business difficulties.	
My family thinks it is a good idea for me to start a business.		My family is worried about me starting a business.	
Total Score		Total Score	

Parameter 5: Initiative			
Column A	Score	Column A	Score
I am not afraid of problems. I do not wait for things to happen. I try to make them happen.		I find it difficult to deal with problems. I worry about them or I avoid thinking about.	
When I have difficulties I tackle them with all my energy. Difficulties are challenges to me and I almost enjoy them.		If I have difficulties, I try to forget about them or wait until they go away.	
I accept problems as part of life. I try to find a solution for every problem.		I like to go with the flow and wait for good things to happen.	
I always try something different to do.		I like to do only those things which I know I am good at.	
I think all ideas can be helpful. I pursue as many ideas as I can to see if they will work.		People get many ideas but you can't do anything. I prefer to stick to the ideas I have.	
Total Score		Total Score	

Parameter 6: Ability to Reconcile Family, Culture and Business			
Column A	Score	Column A	Score
I will take from my business only as much money as my business can afford to pay me and my family.		I will take from my business whatever money my family needs.	
If my friend or family is in financial difficulty, I will help them even though it may hurt my business.		If my friend or family is in financial difficulty, I will help only to the amount I have set aside for personal expenses. I cannot take money away from the business.	
I cannot neglect my business by using a lot of business time for family and social obligations.		My family and social obligations have a high priority -- they have to come before the business.	
My family and friends will get special benefits and services from my business.		My family and friends will have to pay for my products, services, or use of my business assets, just like any customer.	
I will not give people credit just because they are my friends or family members.		I will usually give credit to my friends or family members.	
Total Score		Total Score	

Parameter 7: Decision-making Abilities			
Column A	Score	Column A	Score
I can make decisions easily. I enjoy making decisions.		I find it hard to make decisions.	
I usually decide what to do as soon as a decision is needed.		I put off making decisions for as long as I can.	
I can make difficult decisions on my own.		I get advice from many other people before I make difficult decisions	
I think carefully before I make a decision, and consider all the options.		My decisions are based on my feelings and intuition. I just know what to do immediately.	
I am not afraid of making mistakes because I can learn from them.		I often worry about making mistakes.	
Total Score		Total Score	

Parameter 8: Ability to Adapt to Business Needs			
Column A	Score	Column A	Score
I will produce only those goods and services which customers want.		I will only produce those goods and services which I enjoy.	
If my customers want a cheaper product or service, I will examine how I can meet their requirements.		If my customers want cheaper products and services they will have to go to another business.	
If my customers want credit, I must examine the ways to provide them credit at minimum risk to my business.		I will not sell my products or services on credit to anyone.	
If by relocating my business elsewhere I can get more customers, I am prepared to do it.		I am not prepared to relocate my business. Customers and suppliers must come to me.	
By studying trends in the market, I will try to change my attitude and ways of working to keep up with the times.		It is best to work the way I already know. It is difficult to keep up with how the world changes.	
Total Score		Total Score	

Parameter 9: Commitment to Business Activities			
Column A	Score	Column A	Score
I work well under pressure. I enjoy challenges.		I do not work well under pressure. I like to keep calm and easy.	
I like to put in many hours of work each day and won't mind using my spare time to work.		I think it is important to have time away from work. One should not have to work too much.	
I am willing to spend less time with my family and friends because of my business.		I am not willing to spend less time with my family and friends because of my business.	
I can put off my social commitments, leisure and hobbies if necessary. I am willing to work very hard.		I think it is important to have lots of time for socializing and hobbies, and plenty of time to relax.	
		I am willing to work and do what is necessary.	
Total Score		Total Score	

Parameter 10: Negotiation Skills			
Column A	Score	Column A	Score
I enjoy negotiating and I often get my way without offending anyone.		I do not like to negotiate. It is easier to do what other people suggest.	
I communicate well with others.		I have difficulty in communicating with others.	
I like to listen to other people's views and options.		I am generally not interested in other people's views and opinions.	
When I negotiate, I think about what is in my favour, and what is in the other person's favour.		If I negotiate, I prefer to play it by ear and see what happens.	
I believe the best way to get what I want in a negotiation is to try to find a way for both parties to get what they want.		It will be my business so my opinion is the most important. Someone always loses out.	
Total Score		Total Score	

Parameter 11: Health Status and Health Proficiency			
Column A	Score	Column A	Score
I am generally healthy and well.		I have an illness that keeps me worried most of the time.	
I am a health professional licensed to practice my profession.		I am a health professional but I have yet to take or pass the licensure exam.	
I like to work in an environment where I can either directly practice my profession or work with others in the same field as mine.		I want to do other things aside from health-related activities.	
I can empathize with the situation of the sick and afflicted very well.		Sometimes I ask myself what it would be like dealing with people who need other non-health services.	
I am comfortable with the idea of charging fees to sick people in need of health services.		I feel uncomfortable with the idea of charging fees to sick people in need of health services.	
Total Score		Total Score	

Your Score:

This activity is an assessment of your strengths and weaknesses in running your own health business. Some people are not suited to running their own businesses and would rather work for others as an employee. Deciding to be an employee at a point in time in your career is alright if you feel happy, contented and fulfilled. In this case, governmental employment search engines, such as the Department of Labor and Employment's [Phil-Job Net](#)⁴⁴ and the Department of Health's [E-jobs](#)⁴⁵ could provide some useful information on job opportunities in the Philippines.

After you have chosen the statement that is "true" or applicable to you and indicated a score of "2" in the corresponding space opposite that statement, add up your scores in Column A and Column B to get the total score under each parameter or quality. Transfer these scores to the table below, using the coloured columns. We will refer to the other columns (6-10 {strong}, 0-4 {Not Strong}...) a bit later.

	Parameter or Quality	A	6-10 Strong	0-4 Not Strong	B	0-4 Bit Weak	6-10 Weak
1	My motivation for starting a health business.						
2	My risk-taking abilities.						
3	My perseverance and ability to deal with crisis.						
4	My family support.						
5	My initiative.						
6	My ability to reconcile family, culture and business.						
7	My decision-making abilities.						
8	My ability to adapt myself to business needs.						
9	My commitment to business activities.						
10	My negotiation skills.						
11	My health situation and health proficiency.						
	Overall Score (Column A)		Overall Score (Column B)				

- If your total score in any of the parameter or characteristic in Column A is 6-10, you have a strength in that characteristic → put a check/tick under “strong”
- If your total score in any of the parameter or characteristic in Column A is 0-4, you are not so strong in that characteristic → put a check/tick under “not so strong”
- If your total score in any of the parameter or characteristic in Column B is 6-10, you have a strength in that characteristic → put a cross/x under “weak”
- If your total score in any of the parameter or characteristic in Column B is 0-4, you have a strength in that characteristic → put a cross/x under “a bit weak”

A high overall score in Column A shows that you might be successful at setting up and running your own health business.

Let's interpret your total and overall scores.

- If your overall score in Column A is 50 or greater → you have many of the personal characteristics of a good health entrepreneur.
- If your overall score in Column B is 50 or greater → you need to work on your weaknesses to turn them into strengths.
- If you do not have enough of the qualities necessary to set-up your own health business, you can improve your skills and characteristics by:
 - a) Talking to people so you can learn from them.
 - b) Getting some training or do a course or study.
 - c) Working as an assistant/apprentice to a successful businessperson.
 - d) Reading books that will help you develop your business knowledge and skills.
 - e) Reading articles about businesses on the Internet or in newspapers and think about their successes, problems and approaches.



Activity 1.3

Now that you know your weaknesses based on the above activity, list them down below and indicate your action plan to overcome or improve these. Remember that all of the 11 personal qualities covered in the PENTAx⁴⁶ are essential for you to succeed as a health entrepreneur.

	My Weakness	What will I Do to Overcome or Improve These
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

2.2 Your Passion, Competencies and Strengths



Estimated Time: 60 minutes
(120 minutes including the videos/readings)

In Search of Meaning, Taking Stock of Capabilities

We ended the previous topic by highlighting the weaknesses that need to be improved if you wish to become a health entrepreneur. But entrepreneurship is more about being positive. Knowing our weaknesses is no doubt important, but let's not dwell so much on them. No one is perfect anyway! So let's focus more on the positive things you already have.

This sub-session helps you find or confirm your passion, revisit your strengths and identify your key competencies. First, let's talk about passion! To give you a broad perspective on what passion is all about and how important it is to entrepreneurs, look at the video clip on Steve Jobs' advice to entrepreneurs in the link provided in the following end note.⁴⁷ What did he say about passion?

Your Passion

So what really is passion? According to Steve Jobs, passion is simply love ... and that if you do not love what you are doing then it will be easy for you to quit. Entrepreneurship, he said, is full of hard work and if an entrepreneur doesn't love what he or she is doing, then he or she will fail! Now, the next question then is "what

is your passion?” Or, to put it differently, how do you find your passion? The suggested readings on at the end of this section describe a structured and unstructured approach to discovering your passion.



Activity 1.4

As a health professional and as a unique individual, what exactly is your passion? Answer the questions below to come up with your “passion canvass”.

Item	Question	My Answers
1	Why am I here? What is my purpose? What are my goals in life?	
2	If I could do one thing for the rest of my life, what would it be?	
3	What do I love/like to do?	
4	What would I do, even if I didn't get paid to do it?	
5	What makes me feel like nothing else exists?	
6	What activity makes me feel completely in my element?	
7	What is the one thing I have always dreamed about, but never got to do?	
8	What did I want to do when I was a child?	
9	Do I have an impractical dream that I once abandoned?	
10	Is there something I've been afraid to try because it takes me out of my comfort zone?	
11	Is there something I've been wanting to do but haven't done because of financial fears?	
12	Is there something I've always wanted to do but haven't tried because I've been afraid I'd fail or just not be very good at it?	
13	Is there something that someone I know does that thrills me?	

Take a closer look at your answers. Is there an emergent pattern in your answers? Can you see some common themes that can capture the essence of what you really wanted to be and do? Which of these themes increase your heart beat and makes you very excited?

Take a deep breath and answer this:

The one thing I love to do over and over again is _____.

Your Competencies

What is competency? According to specialists from the University of Texas⁴⁸, competency is the capability to apply or use a set of defined knowledge, attitude, skill and practice or behaviours in a defined work setting. For example, if you are strong in your risk-taking abilities, the behaviours that you should be able to exhibit, among others, are the following:

- 1) Formulating and evaluating several options;
- 2) Calculating costs and returns of a particular venture; and
- 3) Being able to properly handle the negative results.

With this definition of competency, you will note that some of the PENTAx-listed 11 qualities are in fact competencies. As explained above, risk-taking is a competency. And the same goes with initiative, decision-making, and negotiation.

Now, let us take a look at an internationally accepted model called “Personal Entrepreneurial Competencies” (PECs), developed through the Empretec Programme of the United Nations Conference on Trade and Development (UNCTAD) based on earlier research done by David McClelland, who was an eminent psychologist at Harvard University, and his consulting firm McBer. The PECs framework may be accessed by accessing the link provided in the following end note⁴⁹.

Entrepreneurial competency is defined as “an underlying characteristic of a person, which results in effective and/or superior performance in a business venture. It is an underlying characteristic of a person, in that it may be motive, traits, skills, aspect of one’s self-image, a body of knowledge, set of skills and cluster of appropriate motives/traits that an individual possess to perform in his/her business.” You can read a bit more by accessing the link in the following end note⁵⁰.

The Empretec PECs⁵¹ model groups competencies into three main clusters:

- 1) Achievement cluster;
- 2) Planning cluster; and
- 3) Power cluster.

Under these clusters are ten competencies with their corresponding sets of knowledge, attitudes, skills and behaviours.

A. Achievement Cluster**1. Opportunity Seeking and Initiative**

- Does things before asked or forced to by events
- Acts to extend the business into new areas, products or services
- Seizes unusual opportunities to start a new business, obtain financing, equipment, land work space or assistance

2. Risk Taking

- Deliberately calculates risks and evaluates alternatives
- Takes action to reduce risks or control outcomes
- Places self in situations involving a challenge or moderate risk

3. Demand for Efficiency and Quality

- Finds ways to do things better, faster, or cheaper
- Acts to do things that meet or exceed standards of excellence
- Develops or uses procedures to ensure work is completed on time or that work meets agreed upon standards of quality

4. Persistence

- Takes action in the face of a significant obstacle
- Takes repeated actions or switches to an alternative strategy to meet a challenge or overcome an obstacle
- Takes personal responsibility for the performance necessary to achieve goals and objectives

5. Commitment to the Work Contract

- Makes a personal sacrifice or expends extraordinary effort to complete a job
- Pitches in with workers or in their place to get a job done
- Strives to keep customers satisfied and places long-term goodwill over short-term gain

B. Planning Cluster**6. Information Seeking**

- Personally seeks information from clients, suppliers or competitors
- Does personal research on how to provide a product or service
- Consults experts for business or technical advice

7. Goal setting

- Sets goals and objectives that are personally meaningful and challenging
- Articulates clear and specific long-range goals
- Sets measurable short term objectives

8. Systematic Planning and Monitoring

- Plans by breaking large tasks down into time-constrained sub-tasks
- Revises plans in light of feedback on performance or changing circumstances
- Keeps financial records and uses them to make business decisions

C. Power Cluster

9. Persuasion and Networking

- Uses deliberate strategies to influence or persuade others
- Uses key people as agents to accomplish own objectives
- Acts to develop and maintain business contracts

10. Independence and self-confidence

- Seeks autonomy from the rules or control of others
- Sticks with own judgement in the face of opposition or early lack of success
- Expresses confidence in own ability to complete a difficult task or meet a challenge

As may be gleaned in your PENTax scores, you may already possess some or all of these ten competencies. Those competencies that you lack may be acquired or enhanced by teaming up with other people.

These ten competencies, according to UNCTAD, are applicable to any entrepreneur wherever he/she is in the world and for whatever type of business. What do you think? And how do you rate yourself in each of these competencies?

Your Strengths

A strength is something you are strong at, something that you are confident of doing or performing. We are not referring here to specific tasks or behaviours. For instance, in the PENTax activity above, you might have rated yourself strong in your risk-taking abilities. This means that you are confident in choosing risks to take. It is also something that is naturally identified with you as a person. A good example is your membership in an organization that is relevant to your passion.

In sum, strengths may include your qualities, your competencies or things you can do, or your affiliations and even credentials. These are the things that can help you pursue your passion and fulfil your goals in life.



Activity 1.5

Now that you have determined your passion and identified your strengths through the PENTAx activity above, it is time for you to know exactly what your key competencies are in the strengths that you have. This gives you an exact understanding of what you really can do properly as a health entrepreneur. The matrix below will help you do that. A sample strength is given to guide you. Start by stating your passion in the space provided.

Item	My Strengths (copy from the PENTAx result and refer to the PEC list above)	My Key Capabilities (give specific things you can really do because of your strength)
1	Example: Risk-taking ability	1.1 formulating and evaluating several options 1.2 calculating the costs and returns of a particular venture 1.3 being able to properly handle the negative results
2		
3		
4		
5		

After completing the list, you can do two things to analyse it.

First, see if there is any alignment between your passion and your strengths and capabilities. Do these contribute to your overall capacity to pursue your passion, the one thing that you really love to do in your life? If yes, congratulations! If not, you need to do another soul-searching exercise, so to speak. Is the passion you identified really the one thing you love to do? Is it related to your desire to become a health entrepreneur? Note that the PENTAx activity is designed for aspiring health entrepreneurs. Steve Job's passion was to create things that would help change the world in a big way. What is yours? Note that a passion that has nothing to do with health entrepreneurship may not match with the strengths identified in the PENTAx or with those listed in the [PEC model](#)⁵².

Second, compare the list of strengths and competencies with those listed in the PEC model and see if there's anything lacking. If there is any then you can add this to the list of weaknesses that you already prepared. Remember, no one has all the knowledge, attitude, skills and practice or behaviours to perform effectively the role of a health entrepreneur. Some weaknesses you can improve yourself on and some may either

be impossible for you to address or you simply have no time or resources to take action on. That is where you need to identify other people who have the strengths and competencies to complement yours. These people have to be brought in to be part of the eventual team to be formed to help you pursue, nurture and sustain your health business.



Additional reading:

- 1) Three Ways to Find Your Passion. www.wikihow.com/Find-Your-Passion
- 2) The Secret to Finding Your Passion (It's Not What You Think). www.positivelypositive.com/2013/02/13/the-secret-to-finding-your-passion-hint-its-not-what-you-think/
- 3) 25 Common Characteristics of Successful Entrepreneurs, www.entrepreneur.com/article/200730
- 4) Examples of Functional Competencies, www.gpc.edu/humanresources/sites/www.gpc.edu/humanresources/files/files/ExamplesofFunctionalCompetencies212.pdf
- 5) Your Soul at Work. www.yoursoulatwork.com/competencies.htm

2.3 Your Preferred Entrepreneurial Roles



Estimated Time: 90 minutes

Entrepreneurial Roles

As you contemplate to venture into entrepreneurship, it is important to think what entrepreneurial role you wish to take given your own circumstances. Let us examine possible roles that you can take. In an article written by venture capitalist [Anthony K. Tjan in the Harvard Business Review](#)⁵³, there are three key roles of great entrepreneurs. He described these roles as:

1. The “architect” (big-picture planning);
2. The “story-teller” (researching and selling); and
3. The “disciplinarian” (executing).

According to Anthony K Tjan, entrepreneurs with the *architect role* “set the vision, the romance, and culture around a big and daring goal. In doing so, they must have a general plan for where they want to go, but they should not get hung up on developing the perfect plan.” The *story-teller entrepreneurs* “need to be constantly selling the story of their vision, as well as researching how it should evolve. Whether raising funds, evangelizing the vision among employees, recruiting top new talents, or selling the product itself, an entrepreneur needs to constantly pitch and act as the company's chief storyteller.” Entrepreneurs taking the disciplinarian role know that “excellent execution comes from adhering to a tight set of controls and operating principles.” They work to set the right set of operating metrics to measure the progress the business is trying to achieve.

Another article, written by *Professor Laszlo Szerb of the University of Pecs in Hungary*⁵⁴, takes another angle by describing the roles of being a “classic entrepreneur”, an “intrapreneur”, and an “interpreneur.”

The *classic entrepreneur* is basically differentiated from the others in terms of ownership and context. The classic entrepreneur creates and owns the business and controls its resources while the intrapreneur works within an existing organization and thus has no ownership and with limited control. On one hand, the *intrapreneur* launches and operates new business within the company. The *interpreneur*, on the other hand, develops his or her business on a network of interdependent units. An example is a multi-level marketing business and a master franchising business.

The website InnovationVentures also presents another way to define the many roles of an entrepreneur. You can read more by clicking on link provided in the following end note⁵⁵. It refers to the role of an entrepreneur as a risk taker, a business manager, an exceptional leader, a perceiver or an innovator.

Additionally, let us mention yet another type of entrepreneur: the “*franchisee/ licensee*” entrepreneur. This entrepreneurial role takes advantage of the existing business system or technology of another business.

To summarize, these roles may be classified as either “*stakeholdership roles*” or “*functional roles*”. Don’t be boxed in by the idea that you can only be an entrepreneur if you yourself will set-up and run the business. After all, entrepreneurship is also the art of working through and with others. There are many options to pursue your health business.

Also note that an entrepreneur can take multiple roles depending on the nature of his/her business or his/her strengths and competencies. Also, the entrepreneur may decide to take either an additional or different role depending on the growth stage of his or her business.

To illustrate, let’s take the case of a health entrepreneur we call Maria, a dermatologist, who decided to set-up her own beauty and wellness business, as a cooperative. Maria developed a skin care clinic concept offering clinical and wellness services using her own family’s resources, which includes a commercial space ideal for such a business. She puts up this in one city where the family’s commercial space is located and managed it herself with the help of her staff. Later she was able to develop a unique, effective over-the-counter skin disease ointment that she decided to distribute using the business development and marketing services offered by a federation of cooperatives her enterprise is a member of, which involved a network of pharmacies to ease the distribution of her product. What entrepreneurial roles did Maria take in the course of growing her business? At start-up, Maria was a classic entrepreneur putting up her own business and performing all the functional roles of being the architect, storyteller and disciplinarian. Later, she also took the role of an interpreneur to expand her business through a network of interdependent direct sellers.

To understand better the role transition of Maria as an entrepreneur, we will use the matrix below to illustrate:

STAKEHOLDERSHIP ROLES	“Architect”	FUNCTIONAL ROLES “Story-teller”	“Disciplinarian”
Classic	Maria @ start-up	Maria @ start-up	Maria @ start-up
Entrepreneur			
Intrapreneur			
Interpreneur		Maria@expansion	
Franchisee/ Licensee			



Activity 1.6

Given your passion, strengths and capabilities, which “entrepreneurial role combination” are you most suited to? Such role combination should be consistent with your life plan and current personal circumstances. As we discussed above, note that an entrepreneurial role may change over time depending on personal or business considerations. For instance, going back to the case of Maria, she was a classic entrepreneur at start-up then later took the interpreneur role to expand her business.

Fill-up the matrix below to come up with your own “role combination matrix”. Referring to your output in Activity 5, list your strengths and corresponding capabilities in the columns provided. Then decide which of these capabilities you think will help you perform a specific role as described above. (Note: the intrapreneur role is applicable to those working regularly in a company whose function is to help the company setup its businesses.)

Example: Jose is a nurse working in a hospital in Europe who is now aspiring to have his own business when he goes back to the country. His key strength is his risk-taking ability (list that as No.1 strength) and that his capabilities include 1.1 formulating and evaluating several options; 1.2 calculating the costs and returns of a particular venture; and 1.3 being able to properly handle the negative results. In this case Jose can take the role of a classic entrepreneur who sets up his own business by coming up with his own concept and business plan (i.e., architect role). Another strength of Jose is his commitment to perform business activities himself. List this as his No.2 strength. Under this strength are the following capabilities: 2.1 budgeting his time and resources between work and family needs; 2.2 repairing defective office machines; and 2.3 managing the day-to-day operations of the business.

To illustrate, let us fill up Jose’s “role combination matrix” below using the above example:

Strengths	Capabilities	STAKEHOLDER ROLE			FUNCTIONAL ROLE		
		Classic Entrep	Intrapreneur	Interpreneur	Architect	Story-teller	Disciplinarian
1. risk-taking ability	1.1 formulating and evaluating options 1.2 calculating the costs and returns of a venture 1.3 can handle negative results	Jose can take this role					
2. commitment to perform business activities himself	2.1 budgeting his time and resources between work and family needs 2.2 repairing defective office machines 2.3 managing the day-to-day operations of the business	Jose can take this role					Jose can take this role

From the above matrix, we can deduce that Jose's role combination is that he can be a "classic entrepreneur" who can function well as a "disciplinarian".

Now, following the above sample matrix, identify your key strengths and capabilities and decide which stakeholder and functional roles you want to take as a health entrepreneur.

Strengths	Capabilities	STAKEHOLDER ROLE			FUNCTIONAL ROLE		
		Classic Entrep	Intrapreneur	Interpreneur	Architect	Story-teller	Disciplinarian
1.	1.1						
	1.2						
	1.3						
2.	2.1						
	2.2						
	2.3						
3.	3.1						
	3.2						
	3.3						

After completing the role combination matrix, look for the top two recurring roles in the table/matrix -- one from the stakeholder role column and another from the functional role column. These are the roles you are most likely suited to take as an entrepreneur.

End the activity by answering the question: what is my preferred stakeholder and functional roles as a health entrepreneur?

My preferred roles as a health entrepreneur in my future business are _____ and _____.

Ah, wait, do you feel overwhelmed by the idea of becoming an entrepreneur? Don't worry. Almost everybody feels the same. To give you some insights what entrepreneurship is and is not, see the video clip below.

[The 10 myths of entrepreneurship by the University of St Gallen⁵⁶ in Switzerland.](#)

After viewing the video what do you think? Yes, entrepreneurship is not really that complicated. In fact, it should be fun. Now let's proceed to the next session and talk about business ideas.



Knowledge Review – Session 2

In order to verify your acquisition of the knowledge discussed in the previous section, go through the ten following questions. The responses to the questions can be found at the end of this training manual.

- 1) According to the module, entrepreneurship is defined as a process that has two key concepts. They are:
 - a) Exploring and researching about opportunities regardless of the resources controlled
 - b) Creating and pursuing the opportunity regardless of the resources currently controlled
 - c) Both
- 2) A health business is highly specialized as it requires licensed professionals to comply with stringent standards and regulations.
 - a) True
 - b) False
- 3) In Steve Jobs' interview, what was his advice to those who want to pursue or become entrepreneurs?
 - a) To be innovative and to have a creative mind
 - b) To be sensitive to the needs and demands of society
 - c) To figure out what you love doing or enthusiastic to do
- 4) One's capacity to apply a set of knowledge, attitudes, skills and behaviours in a particular work setting is known as
 - a) Qualifications
 - b) Characteristics
 - c) Competencies
 - d) Credentials
- 5) Research by McClelland and McBer, has identified 14 personal entrepreneurial competencies which appear to characterize the behaviour of successful entrepreneurs. Choose one which is not a competency under the achievement cluster of the EMPRETEC model:
 - a) Commitment to work contract
 - b) Persuasion and networking
 - c) Demand for Efficiency and Quality
 - d) Persistence

- 6) Knowing your entrepreneurial role is important. Entrepreneurs that need to be constantly selling their vision and how it should evolve is an entrepreneur with an
- a) Architect
 - b) Disciplinarian
 - c) Engineer
 - d) Storyteller
- 7) An example of an entrepreneur's stakeholder role is
- a) Licensee/ Franchisee
 - b) Architect
 - c) Investor
- 8) An interpreneur launches and operates a new business within the company while an intrapreneur develops his or her business on a network of interdependent units.
- a) True
 - b) False
- 9) An entrepreneurial role can change _____ depending on personal or business considerations
- a) Overtime
 - b) Frequently
 - c) Fast
 - d) Once
- 10) Note that an entrepreneur can take _____ roles depending on the nature of his/her business, his/her strengths, competencies and the growth stage of his/her business.
- a) Single
 - b) Few
 - c) Multiple
 - d) Selective
 - e) Functional

Session 3



How Can You Generate Health Business Ideas?

Session Objective:

identify potential health business ideas.

Introduction

Sessions 1 and 2 walked you through the concept of health entrepreneurship -- the tools in discovering your passion and in assessing your entrepreneurial qualities, competencies, strengths and capabilities, and the process of choosing your specific stakeholder and functional roles as a start-up health entrepreneur. As earlier emphasized, entrepreneurship can be done in so many ways using different roles at each stage of your business venture.

Let's proceed to the next step. It is time to come up with concrete health business ideas! In this session, we will help you do this by introducing some techniques that will help you generate your potential business ideas.

3.1 Idea Generation Techniques



Estimated Time: 120 minutes
(180 minutes including readings)

Business Idea

What is a business idea? A business idea is a thought or collection of thoughts with commercial value, or something that is valuable to a target customer. After completing two sessions we suppose you may already have a business idea by this time. This is great! It shows your commitment to starting a business and has already started the "thinking" work. But you should be careful not to hold on too tightly to your first idea. As initially discussed in Session 1, there are many opportunities and potentials, and the first idea can lead to an even better, more viable business idea.

When generating business ideas it is best to keep your mind open to everything. Your objective is to come up with a list of as many ideas as possible and make a list of all the business opportunities and potentials you can think of.

The five optional short articles provided here, from various sources, offer extra information and tips on how to come up with a business idea. We encourage you to go through them.

Further, [Edward de Bono⁵⁷](#), the Nobel Prize winner for economics in 2005, has done some ground-breaking work on developing creative thinking. He is regarded by many as the leading authority in the field of creative thinking, innovation and the direct teaching of thinking as a skill. He is equally renowned for his development of the Six Thinking Hats technique and the Direct Attention Thinking Tools. Incidentally, he is a health science specialist, holding an MA in psychology and physiology from Oxford, a D. Phil. in Medicine, and also a Ph.D. from Cambridge. You can hear Edward de Bono on his Six Thinking Hats methods by clicking on the link provided in the following end note.⁵⁸ And if you want to deepen your creative thinking further, you can click on the link provided in the following end note to access the end of Edward de Bono's presentation.⁵⁹

Business ideas can be generated through:

1. Brainstorming, both unstructured and structured;
2. Visits to existing health businesses;
3. Investigating the health sector of an area; and
4. Using your personal situation.

Brainstorming

Brainstorming is a way of opening up your mind and helping you think of many different ideas. It works best when you do it with another person or a group of people, but you can also try it on your own. Many large companies use this method to come up with new product ideas.

For unstructured brainstorming, you start with a word or topic and just write down anything that comes into your mind. You continue for as long as you can, putting down everything even if it seems irrelevant or odd. Great ideas can evolve from very strange beginnings.

The video clip from Vertical Measures.com [explains six creative ways to brainstorm ideas⁶⁰](#). These are: mind-mapping, right-braining, provocative actions, break and build, pessimist vs. optimist, and randomness.

Which of these creative ways is best for you?

Another video clip by Steve Johnson explains where good ideas come from in relation to the process of innovation. You can access Where good ideas come from by Steve Johnson, by clicking the link provided in the following end note.

Now that you know how innovative ideas come out, let us try to understand how an idea generation process is applied to business start-ups in this video clip by Joe Startup. Think idea generation can be accessed in the link provided in the following end note.



Activity 1.7

OK, time to do some brainstorming yourself. Joe Startup suggested that “business ideas come from unsolved or badly-solved problems”. Let us follow his suggestion.

1	Write a word, any word, that describes a health problem. While staring at this word write down all the ideas that pop out of your mind. Continue until you can't think of anything anymore. List down below:
2	Now go back and check the words you have written down for business ideas. Are there any ideas for a health business that you can imagine yourself initiating or doing?
3	Even if you can't find any ideas you like, the exercise is useful for helping you open your mind to a new way of thinking. Now pick another word and write down all the products related to that word on a new piece of paper. The more often you brainstorm the better you will get at it.



Activity 1.8

Let's try structured brainstorming this time. Recall what we have discussed in Sessions 1 and 2 about health business or entrepreneurship, particularly on the status of the country's health-care industry. Instead of starting with a random word, start with a particular health product or service.

This can be illustrated as:

Figure 4. Structured Brainstorming Framework



You can continue until you run out of ideas. Again, whatever comes to your mind should be written down. Decide later if it is worthwhile or correct.

Visits to Existing Health Businesses

Another way of discovering great health business ideas is to look in and around existing health businesses and government health facilities. Find out what these businesses are offering and see if you can identify any gaps in the market.

You can do this alone or with a friend or family member. When you enter a health facility try to be observant and inquisitive. Use your perspective both as a health professional and someone who needs a health or medical product or service.



Activity 1.9

Visit existing businesses or even government facilities in your home province, city or town and make a list of existing health/medical services and products available. Also try to identify what is lacking in those businesses or facilities. Keep an open and curious mind. Fill up the form below.

Name of Existing Businesses or Facilities	Services and Products Being Offered	Potential Services & Products that may be Offered	Business Ideas so You Can Deliver Potential Products/Services
1.			
2.			
3.			

Investigating the Health Sector of an Area

Another technique to generate health business ideas is to investigate a particular area, say a province or a city, with emphasis on the health sector. Review sub-session 1.3 above and do an exhaustive list of opportunities and potentials based on the readings recommended and on your own observations. Gather local data on the status of the area's health sector using the factors affecting the health business ecosystem. Moreover, take a look at the actual status of the area's health sector level and firm level value chains. Pay particular attention to the perceived and felt health needs and wants of the local population, as these may provide excellent opportunities to an aspiring health entrepreneur like you.



Activity 1.10

Choose a geographic area, say your province, where you intend to put up your health business. Using the concept of health ecosystems and value chains, identify opportunities and potentials. Once you have listed these, think of possible businesses that can be put up to take advantage of the opportunities and potentials you listed. Some examples are given to help you out.

Before you do it, watch this video clip from MentorSquare first called "How to Investigate a New Business Opportunity" available from the link provided in the following end note⁶³. It walks you through the entire process of identifying opportunities.

Let us use the six health system building blocs we learned about in section 1.2 as a guide for this activity.

	Health System Building Block	Opportunities and Potentials (includes needs/wants, resources, existing programs/facilities, trends, etc)	Business Ideas to Tap Opportunities/Potentials and Deliver Products/Services
1.	Health services	Example: The rural health unit and the only private hospital in our town have limited capacity to provide specialized care to the elderly. This offers an opportunity to set-up a home care service.	Example: With the opportunities listed on the left, my business idea is to set-up a health services coop together with other nurses in my town and in adjacent towns. The coop will acquire needed equipment and will enter into formal tie-ups with existing clinics and hospitals so that our member-nurses can provide personalized nursing care to their discharged elderly patients.
2.	Health workforce	Example: The rural health unit has limited staff yet our town has a good number of nurses who cannot acquire nursing related jobs. This offers an opportunity to tap these – unemployed or underemployed health professionals to set-up a healthcare service.	
3.	Health information system		
4.	Health logistics (medicines, equipment, technologies, etc)		
5.	Health financing		
6.	Health leadership and governance		

By spending some time, and discussing with friends, colleagues and other health professionals the observations you will have made, business ideas may emerge that you may then decide to develop further into a business project.

Using Your Personal Situation

Finally, let's take a look at your personal circumstances as sources of business ideas. In Session 2 you did the [PENTAx⁶⁴](#) activity to assess your entrepreneurial qualities. You also went through the discussion on [Personal Entrepreneurial Competencies \(PECs\)⁶⁵](#). That session helped you identify your personal strengths and weaknesses as well as your capabilities. Your personal situation also includes things beyond your own self. Thus, look beyond your own personality-based strengths and capabilities and include others that are within your control or influence, such as you and your family's own assets or properties, as well as the characteristics of your own personal network of friends, co-workers, and colleagues. For instance, the availability of family members or a network of friends with existing health businesses is a strength, as this can serve as a support system to you. Likewise, your experience or track record can also be a strength in terms of establishing your credibility for technical, medical or financial/loan purposes.



Activity 1.11

Using the matrix below, list business ideas that may be possible given your own strengths and capabilities. Copy your output in Activity 5. Examples are given to guide you.

Source	Strengths and Capabilities	Business Idea/s
1. Results Activity 5	Example: I am good at risk-taking. I can evaluate complicated investment options.	Example: Some business ideas based on my strengths and capabilities: a. set-up a homecare facility either as a family corporation or as a cooperative involving idle nurses in our area
2. Related to Personal/Family Track Record or Experiences	Example: I am a licensed nurse with long experience in a homecare facility in the UK. I am also familiar with UK's NHS. My husband has good friends at the Cooperative Development Authority. He also has friends working in personnel placement agencies. My mom used to work at a travel agency and has friend working at the Department of Tourism.	b. set-up a placement agency for health professionals focusing on UK and other European markets c. set-up a wellness center for medical tourists especially those coming from Europe or the US
3. Related to Friends, Network, etc	Example: My former classmate and close friend now works at Philhealth. Some of our classmates have migrated to the US and set-up their own homecare businesses.	



Additional reading

- 1) How to Generate Business Ideas from Passions. yourbusiness.azcentral.com/generate-business-ideas-passions-5418.html
- 2) Business Idea Centre: Healthcare/Medical. www.entrepreneur.com/businessideas/industry/29.html
- 3) How to Generate a Great Business Idea. www.businessdesignanddevelopment.com/business-success/business-idea
- 4) How to Come up with a Business Idea. www.wikihow.com/Come-Up-With-a-Business-Idea
- 5) How to Create a Winning Business Idea in Six Easy Steps. www.forbes.com/sites/alanhall/2012/07/10/how-to-create-a-world-class-business-idea-in-six-easy-steps/



3.2 Your List of Business Ideas

Estimated Time: 60 minutes



Activity 1.12

You just made a comprehensive list of business ideas using different techniques. Summarize these to give you an organized menu of options indicating key health business ideas only. List a maximum of three ideas per idea generation technique.

Idea Generation Technique	Business Idea/s
1. Brainstorming (unstructured and structured)	1.1
	1.2
	1.3
2. Visits to existing health businesses	2.1
	2.2
	2.3
3. Investigating the health sector of an area	3.1
	3.2
	3.3
4. Using your personal situation	4.1
	4.2
	4.3



Knowledge Review – Session 3

In order to verify your acquisition of the knowledge discussed in the previous section, go through the ten following questions. The responses to the questions can be found at the end of this training manual.

- 1) What are the two methods you can use to gain more information about the market for your business ideas? These can help you accept or reject a business idea.
 - a) Field research
 - b) SWOT analysis
 - c) Review of government records
 - d) Review of statistics
 - e) a and b
 - f) c and d
 - g) a and c
 - h) b and d

- 2) People who know a lot about the business you want to go into or know a lot about your potential customers are called key informants or opinion leaders
 - a) True
 - b) False

- 3) Your key informants or opinion leaders can be
 - a) People in government who monitor a particular industry
 - b) Managers of large companies who know about the market
 - c) Non-government organizations managers
 - d) Researchers in research institutes
 - e) Professors in the academe
 - f) a, b, c
 - g) d, e
 - h) all

- 4) SWOT stands for
 - a) Strong points, Weaknesses, Openings, Threats
 - b) Strengths, Weak spots, Opportunities, Threats
 - c) Strengths, Weaknesses, Opportunities, Threats

- 5) SWOT helps you to focus on _____ and _____ of each idea.
- a) Weaknesses and solutions
 - b) Possible problem areas and potential advantages
 - c) Opportunities and possible advantages
- 6) Used in the context of business, a SWOT analysis will help you develop a sustainable niche in your market.
- a) True
 - b) False
- 7) In the SWOT, SW pertain to the external environment of your business and the OT relates to the internal environment of your business
- a) True
 - b) False
- 8) _____ are specific positive aspects which will give your proposed business an advantage over similar business ventures and competitors
- a) Opportunities
 - b) Strengths
 - c) Prospects
 - d) Projections
- 9) _____ are probable events that may affect your business negatively
- a) Dangers
 - b) Threats
 - c) Weaknesses
- 10) _____ are a prospective developments around the business that will be good for our business
- a) Investments
 - b) Opportunities
 - c) Potential growth areas

Session 4



How Can You Assess Your Health Business Ideas and Choose the Best?

Session Objective:

Select best business idea/s.

Introduction

The previous session generated an organized menu or long list of health business ideas that you can further investigate as to their feasibility, viability and profitability.

We cannot overemphasize the importance of a rigorous assessment of a particular business idea. It is not so simple as to pick any idea that surfaces, and, *voila!*, you have a successful business. Remember that once you decide to embark on a business you need to invest a substantial amount of time, money and effort. Even if you will not be using your own money, you have to keep in mind that you need to fully understand and articulate clearly all the dimensions of your proposed business before you can convince anyone to invest or lend out any money to you.

Two series on [Canadian](#)⁶⁶ and [British public](#)⁶⁷ television called *The Dragon's Den* focus on new entrepreneurs' abilities to sell their business ideas to a panel of possible investors. This may provide you with some relevant tips on how to best organize in a marketable way your business thoughts. Click on the links above to access some of the episodes of these series.

In this section, you will assess your long list of ideas to make a shortlist, then from the shortlist choose the best business idea that you want to pursue. This requires a critical thinking process so don't rush. We recommend that you go through each sub-session at a time, and then proceed to the next when you feel confident of the result. In fact, it is best to go through this entire session more than once at different times, just to ensure you don't miss out on key important things that you need to consider before picking your final choice.

4.1 Assessing Business Ideas



Estimated Time: 60 minutes
(90 minutes including video/readings)

Assessment Steps

Here we use the words "assessment" and "evaluation" interchangeably. Watch the two video clips below to get an overview how business opportunities or ideas are evaluated or assessed. The first video presents ways to evaluate ideas from a personal angle, while the second shows several steps to evaluate a business idea using several perspectives.

The first video is called "Evaluating a New Business Opportunity -- Personal Angle" by MentorSquare, a global entrepreneurial community which allows you to connect and find useful resources on how to start, nurture and grow your business. You can access it via the link provided in the following end note⁶⁸.

The second video clip is called "How to Evaluate Your New Business Idea". It is produced by Venture Catalyst, which is an organization supporting business networking in the United Kingdom. You can learn more about the "7 Rs" of "self-employment" or entrepreneurship. You can access the short video through the link provided in this end note.⁶⁹

Venture Catalyst presented the seven ways behind a business proposal, but to simplify, we will instead have these five simple assessment questions to determine the quality of your initial list of health business ideas:

1. Do you have a concrete product or service in mind?
 - What product or service you will offer?
 - What are the features of that product or service?
 - What are the benefits for potential users of that product or service?
 - What will be additional services offered by that product or service?

2. Do you have enough customers that will buy your product or service?
 - How do you know there is a need for this business in your area?
 - Who will the customers be for this particular business?
 - What are the profiles of your customers?
 - Will there be enough customers?
 - Can the customer afford the products or services?

3. Who are your competitors, and can you compete with them?
 - Will this be the only business of this kind in your area?
 - If there are other similar businesses, how will you be able to compete successfully?
4. Can you generate the resource requirements?
 - How will you be able to supply the quality of products and services the customer wants?
 - Where will you get the resources to start the business?
 - Where can you get advice and information about the business?
 - Does your plan need equipment, space and qualified staff?
 - Do you think you will be able to get the finances to provide what is needed?
5. Does your business idea fit with your passion, strengths and competencies?
 - How much do you know about the products and services at the centre of your business idea?
 - What experience, knowledge and skills do you have that will help you run this business?
 - Why do you think the business will be profitable?
 - Can you imagine yourself being involved in this business in ten years' time?
 - Are you interested enough in this type of business to put a lot of time and effort into making it a success?
 - How does running this sort of business suit your passion, strengths and capabilities?



Additional readings

- 1) Business Idea -- What's Next? www.entrepreneurshipinbox.com/1016/business-idea/



4.2 Choosing the Best Idea

Estimated Time: 60 minutes
(90 minutes including readings)

Let us now choose the best idea by using the assessment process outlined above.



Activity 1.13

Follow the steps below in order to make a short list of your long list of business ideas above.

1. Go through your ideas list in Activity 12 and cross out any that no longer appeal to you. If you have a lot of ideas, we suggest you reduce them to not more than ten.
2. Now go slowly through the remaining ideas. Ask the above five assessment questions (and sub-questions) about each idea. Use the matrix below to note down anything that is positive or negative about you starting that business. Add more pages if you need more space for your comments.
3. Think carefully about the notes you have made and decide which business ideas seem most suitable for you. Rank them accordingly.
4. Choose the best or most likely three ideas that you would like to analyze further and write them in the space provided for.

Remember that you can always come back and do this again if you find there are problems with the three ideas you have chosen.

Item	Business Idea	Business Idea					Rank
		Question 1	Question 2	Question 3	Question 4	Question 5	
1.		(type in your answers to all sub questions)					
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							

Based on the above ranking and assessment, my top three business ideas are:

a. _____

b. _____

c. _____

Now that you have reduced your business ideas to the top three that you think are most suitable, you need to get more information about the market for those ideas. Your goal is to consider factors that will help you accept or reject a business idea. Here are some methods you can use to further analyse your ideas:

1. Field Research

By talking to customers, suppliers and members of the business community you can collect useful information about the factors that affect your business idea. Here you can make good use of your personal contacts, including that of your family and friends. You can have informal discussions and make observations or you can arrange more formal visits and interviews. The visits will take time, but by doing this field research you are already starting to act like a successful businessperson and the contacts you make during these visits will also be useful to you when you start your business.

People to Talk to

Who you talk to depends on the idea or focus of investigation. If you are thinking of opening a diagnostic centre, you need to talk to other owners, either your competitors or people who have similar businesses. You may want to go to another town to talk to people who would not be your direct competitors. You also need to talk to the suppliers of the goods or machines you will use or sell to find out about prices, storage and freight. Doing a search on the Internet, consulting a local/regional business listing, or contacting the local chamber of commerce are all ways you may use to identify those relevant businesses.

If you are thinking of making a health product, you need to find out how it is made and the necessary equipment and other requirements. You should talk to the people who supply the raw materials that go into your product and to the people who sell the tools or machines you will use. It would be important to ask about the health and safety requirements associated to the product and services you have in mind.

No matter what your idea is, you must be sure to talk to potential customers. Their views are essential to knowing whether you have a good idea. One of the first questions you need to ask yourself about your business idea is WHO would buy your product and services. Who would your customers be: young, old, rich, poor, men, or women? From the urban or rural areas? Then you must find some of your potential customers and talk to them. Try to get a good sample of customers by talking to different types of people.

If your product or service might be bought by anyone, be sure to talk to men and women, young, old, and middle-aged, the better off and the less well off. If you are going to sell to one certain type of customer, for example middle-aged women, try to find differences within that group (different ethnic groups, different professions, and different neighbourhoods). Talk to at least ten customers. Do not forget to note down their details (age, gender, an estimate of their income, etc.)

Key Informants

Other people who are useful to talk to are called “key informants” or “opinion leaders”. These are people who know a lot about the business you want to go into, or know a lot about your potential customers. They could include administrators of companies and institutions. They could include government agents -- people in government who monitor a particular industry. They could include managers of large companies who know about the market in general. Or they could include people who work for NGOs or research institutes. If you can approach just one key informant, they might help you meet others.

Conducting Your Interviews

You are presenting yourself and your business idea as well as getting information. Describe your idea positively. Explain why you think it will be something customers want. This is your first chance to try to promote your idea.

- Call or visit to set up an appointment for the interview. Do not just drop in without warning.
- Carry some sheets of paper and clipboard to write down what people say. Do not use a book or a large pad. Ask people if they mind you taking notes. If some people do not like you taking notes, try to remember what they say and note it down as soon as possible.
- Carry a checklist of possible questions to ask but let the conversation go naturally. Let one subject lead to another. You never know what you might learn.
- Do not ask questions that can be answered with “yes” or “no”. Rather, ask open-ended questions using Who? What? Why? Where? When? How? For example, don’t ask “Are you satisfied with this product?” For a better answer ask “How satisfied are you with this product or service?”
- Do not be afraid to follow a question with a question -- but take the time to listen with attention.
- Only ask one question at a time. For example, ask “How much do you have to spend on your regular medical check-up?”
- Repeat what people tell you to be sure you have correctly understood what they said.

What to Ask from Clients or Customers

You ask different questions if your health product or service is new to the area or if it already exists. For an existing product or service, your questions might include:

- Where do you buy this product or service?
- Where else could you get this product or service from?
- Why do you buy from X?
- How often do you buy?
- What price do you pay?
- What do you think of the quality of your purchase/ service?
- Is there any way you think it could be improved? (style, packing)
- Do you know anyone else planning to offer this product or service?

If it is a new health product or service, you should ask if they would like to buy such a health product or service, and how often. You also want to find out how much they would pay for such a product or service. You can ask them what factors would be important, such as:

- Style
- Quality
- Packaging
- Timeliness of service (reliability)
- Location of purchase, or how it is delivered
- Price
- Service

If you have a sample or a picture of your product, this could be very useful. You can ask people what they like about it, and what they do not like about it.

It is best to ask questions that make people think carefully. Instead of asking “Would you ever come to my pharmacy?” ask “Would you come to my pharmacy, once a week, once a month, or not at all?”

When asking about prices, offer a number of prices and ask which price the person thinks is most reasonable. For example, ask “What would be a reasonable average fee of an X-ray service?”

What to Ask from Suppliers, Wholesalers and Competitors

If you are planning to start a retail store such as a pharmacy, you will need to talk to the suppliers of the goods you want to sell. You can ask them:

- How easily can you get these drugs or commodities?
- Are they always available?
- What kind of quality is available?
- At what price?
- What kind of storage/packing /servicing is necessary?
- What terms of credit can I get?

From wholesalers of materials what you need to know is:

- How much would my materials cost at a given quantity?
- How reliable is the supply?
- Who else supplies these drugs or commodities?
- Any special issues concerning storage, transportation, or use of the product?
- What terms of credit can I get?

You can ask competitors the same kind of questions. Suppliers and large competitors often have a good overview of the market.

You might want to ask them questions like these:

- How much/how often do you think people would buy a product or service like mine?
- How many other competitors are already supplying my product or service?
- Is the demand (the number of people buying) for my product or service constant or does it change throughout the year? (People may buy more of a certain product at a certain time).
- What else do you think people would like to buy?
- What trends do you see coming in the future?

What to Ask from Key Informants

What you ask your key informants depends a lot on who they are. You have chosen them because they have some special knowledge of the market or the product or service. Maybe they are major customers as well. The same kind of general questions you asked suppliers can be used here.

- How will this business help people?
- How much do you think people need such a product or service?
- What do you think would be most important to encourage people to buy a product or patronize a service? (i.e., quality, style, price, reliability, etc.)
- Do you think it is a business that could grow over time?
- What are the trends?
- Do people need this product all the time or does the demand change throughout the year?
- What else do you think people would like to have?

As health is a highly regulated industry, it is essential to visit your local government unit and the Department of Health and ask legal and regulatory requirements of your health business, including the number of days it takes to process such requirements. Legal matters will be discussed in Module 2.



Activity 1.14

Begin with just one of your three selected ideas, your favourite from the short list you made in Activity 13. You want as much information as you can get about this type of business. Use the matrix below to make a plan for getting the information.

My Business Idea	
What I need to find out	
Who I will talk to	
Questions I will ask	

Go and collect the information. Then make another plan for the second business idea. After checking out the second business idea, go on to the next. The work will go more quickly as you gain experience. When you have gathered all this information, you will begin to see which idea is the best one.

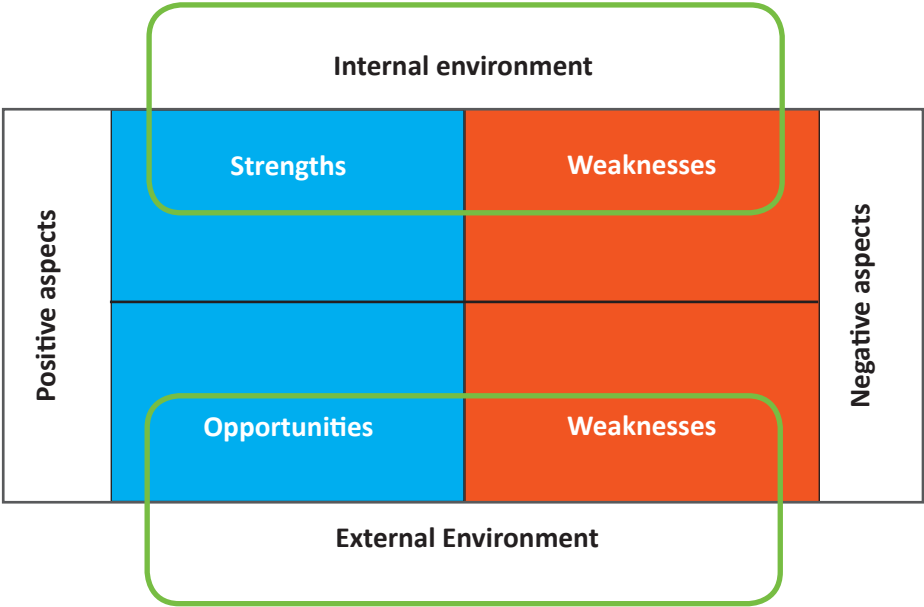
2. SWOT Analysis

One method people often use to decide which is the most suitable business idea is a SWOT analysis. SWOT stands for strengths, weaknesses, opportunities and threats. It helps you to focus on possible problem areas and potential advantages of each idea. Doing a SWOT analysis for a prospective business requires some imagination and creativity. You have to imagine that the business is already existing and operational and that it has a dynamic operating environment. Used in a business context, a SWOT Analysis helps you carve a sustainable niche in your market. It will also simultaneously allow you to pin-point your talents, abilities and opportunities.

We encourage you to take some time and watch this short video made by Mind Tools, a website that provides information on developing your career skills and business acumen. You can access the video via the link provided in the following end note.⁷⁰ Further, Mind Tools also provides a more in-depth article on how to conduct a SWOT analysis, which you can access via this link, included in this end note.⁷¹ Alternatively, another short video produced by Norquest Associates is also helpful to understand how to proceed with a SWOT analysis. Get this additional video by accessing the link provided in this end note.⁷²

Normally, a SWOT analysis is schematically represented in a template such as this one, below. Normally, the strengths and weaknesses pertain more to the internal environment of your business. And the opportunities and threats relate more to the external environment you need to also take into your business proposal analysis.

Figure 5. SWOT Analysis



Internal to the business

To analyse the strengths and weaknesses of a business idea, you look inside the planned business. What will the business be good at and what are its weaknesses? You can look at the following areas of concern:

- Marketing aspects;
- Human resource aspects;
- Technical/medical aspects;
- Legal and administrative compliance aspects;
- Funding and financial management aspects; and
- Safety and security aspects, etc.

Strengths are the specific positive aspects that will give your proposed business an advantage over similar business ventures and competitors. It could be that you propose to sell a better quality product or to have a location which is more accessible to your customers. You could ask yourselves questions such as:

- What is it that you do well?
- What advantages do you have over your competitors?
- What makes you different from your competitors?

Weaknesses on the other hand are the specific aspects that your business will not be good at. Perhaps your costs will be high because your business is located far from suppliers and you will have to pay more for transport. You could ask yourself questions such as:

- Can you do anything better?
- Do you do anything badly?
- What should be avoided?
- What causes problems or complaints?

External to the business

To analyse the opportunities and threats of your proposed business you look outside the business, i.e., the external environment. What aspects of the external environment will benefit the business and what aspects will negatively affect the business? You could also refer back to the section and our discussion on the health ecosystem, building blocks and value chain.

Opportunities are ongoing potential developments around the business that will be good for your business. For example, it could be that the demand for the health

and wellness services you are proposing will increase because of growing number of tourists coming to visit the country. Opportunities would focus on such things as:

- Changes in technology and markets, e.g. the Internet;
- Changes in government policy or regulations/legislation;
- Local and global events;
- Potential new uses of products and/or services;
- Use of marketing or promotional techniques to boost the business; and
- Social factors, e.g. population fluctuation, lifestyle changes, etc.

Threats are probable events that may affect your business negatively. For example, the business idea could be so simple that other people may start similar businesses in your area and reduce your share of the market. Threats would, for example, relate to factors such as:

- The obstacles facing your business?
- Your competitors and what they are doing.
- Possible changes in products, services or technology that could threaten your business?
- Financial problems such as bad debt or cash-flow difficulties?

Now, let's get thinking! Use the template below to document what you think your business idea's strengths, weakness, opportunities and threats are.



Activity 1.15

Now do a SWOT analysis for each of the three business ideas you have selected.

1. Use the SWOT analysis form below. Make two other forms, one for each idea.

Business Idea 1	
A. Internal Analysis	
1. Strengths	1.1
	1.2
	1.3
2. Weaknesses	2.1
	2.2
	2.3
B. External Analysis	
1. Opportunities	1.1
	1.2
	1.3
2. Threats	4.1
	4.2
	4.3

2. Write the first of your three selected business ideas on the first SWOT analysis form. Think carefully about the most important strengths and weaknesses within the business. As we mentioned, these may be personal characteristics, financial issues, and marketing issues to do with the product, the place of the business, the price or the promotion and selling aspects. Write them down.
3. Think of the external environment for this business. What are the most important opportunities and threats to this business in your business environment? The “key informants” you spoke to during your field research may have pointed these out to you. Write them down.
4. Now count up the number of strengths, weaknesses, opportunities and threats and answer the question on the SWOT analysis form below.

Number of strengths listed	
Number of weaknesses listed	
Number of opportunities listed	
Number of threats listed	

Are there more strengths than weaknesses?

Are there more opportunities than threats?

5. Ask yourself, can I overcome the weaknesses and avoid the threats for this business?

Can I build on the strengths and opportunities for this business?

6. Think about how you will overcome the weaknesses in this proposed business and write down your decisions on the SWOT analysis form.

7. Now repeat steps 2-6 above for the second of your selected business ideas using the second SWOT analysis form, and then do the same for the third selected business idea using the third SWOT analysis form.

8. When you have completed the three SWOT analysis for the three business ideas, compare them carefully and select the business that has more strengths and opportunities and which you think will be most suitable and successful for you to start.



4.3 Your Health Business Idea

Estimated Time: 60 minutes

Congratulations!

You have completed the first step in view to start your business. Now you can complete a summary of your business idea in the matrix below.

If you are still undecided:

If you find that you are not sure which business idea is most suitable for you, you need to do some more work.

Assess what makes you unsure:

- Is it to choose between the three last business ideas? If this is what you are unsure of, perhaps you need to talk to some “key informants” in those business areas and get more advice and information before making your choice.
- Is it that you are not sure that you are really suited to start such a business? If this is making you worry go back to the [PENTAx⁷³](#) activity and think about the statements and your answers again. Perhaps you are more suited to be employed than to run your own business. Many successful and satisfied people are employed. Choose what is better for you. You can then look at the Department of Labor and Employment’s [Phil-Job Net⁷⁴](#) job website and the Department of Health’s [E-Job⁷⁵](#).
- Is it that you are just not happy with the three business ideas selected? If you believe you really do want to start your own business, but have not yet

found the right business idea, have a break and then, in a week or more, start looking for other business ideas by going back to the idea-generation activity.

It often takes some more time, more work and more information before you find the most suitable business idea. As you work towards this goal you will be increasing knowledge, experience and skills. All of this will increase your ability to become a successful health entrepreneur.



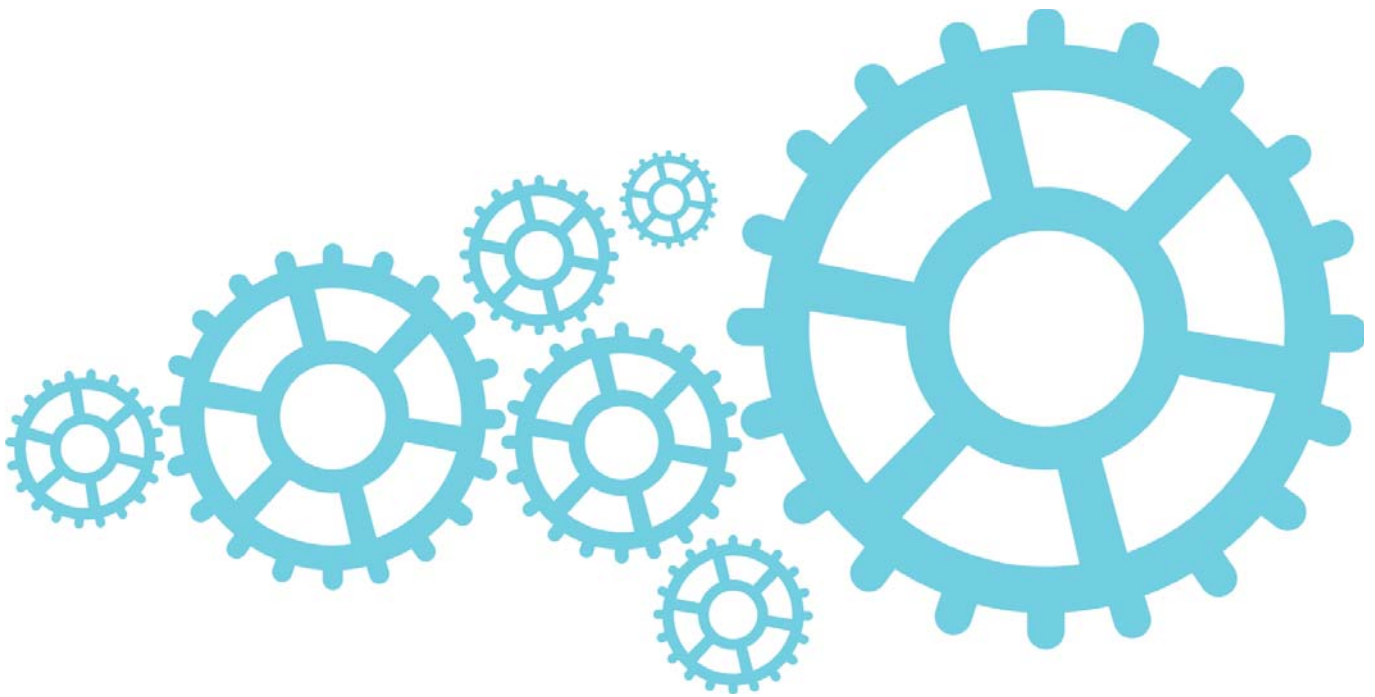
Activity 1.16

Before you end this session summarize your business idea below:

My health business idea:	
Type of health business:	
My customers will be:	
My products or services will be:	
The needs of the customers that will be satisfied are:	
Skills and experience and knowledge I have of this type of business:	
I have chosen this business idea because:	

Still having second thoughts on your plan to be a health entrepreneur? Watch this video from Adcom and be inspired! Which you can access in the link provided in this end note⁷⁶.

And when you are ready, let us embark on Module 2 which will introduce more practical tips on to use the business idea you have generated and translate it into a business plan.



Module 2:

How Will I Set Up My Health Business



Introduction to Module 2:

"A journey of a thousand miles begins with a single step."

-- Lao Tzu

Welcome to second module of HealthBiz a training programme on how to set up your own health business! We wish to take this opportunity to congratulate you for coming up with a concrete business idea and for taking the next move towards having your own business venture.

In the previous section, module 1, 1.0, you were able to understand what entrepreneurship is all about in the context of the health sector, explored entrepreneurial opportunities available to you as a health professional, and finally chose a business idea that you believe is viable and, most of all, exciting!

References abound, both print and online, on how to start a business. Tons of useful tips may be accessed or downloaded from websites. The downside is that given their sheer volume, an aspiring entrepreneur may find them daunting at times, given the differences and peculiarities of businesses and the industries they belong to. This second module helps you go through a logical process of looking for and sifting through data and information, highlights fundamental concerns that require your attention, and gives you pointers to help you make certain decisions. All these in the context of a health business or enterprise.

Overall objective of the module 2: The module will walk you through the nitty-gritty of setting up a health business, and help you make specific decisions necessary to successfully turn your business idea into reality.

Setting up your health business involves eight simple steps, which will be detailed in the coming pages:

- 1) Develop your business model;
- 2) Choose your location;
- 3) Raise your capital;
- 4) Build your facility;
- 5) Formulate your systems, policies and procedures;
- 6) Recruit your personnel;
- 7) Secure your permits and licences;
- 8) Set the appropriate price of your service or product; and
- 9) Launch and operate your business.

No Cook Book!

Note that most of these steps are not necessarily sequential as they are iterative, at times done simultaneously, and build on each other. As such, a smart entrepreneur can actually pick any of the steps then proceed with the rest as he or she digs deeper, so to speak. In short, there is no fixed formula or cook book to set up a business. For instance, an aspiring entrepreneur -- who happens to have no specific business in mind -- might visit a mall and might see a vacant stall. He or she then scans the surroundings of that stall and finds out that there is a clinic and other health-related businesses, but no pharmacy in sight. Presented with a specific business location as an opportunity, he or she saw the potential of setting up a pharmacy. Then he or she calls the mall administrator to immediately make a reservation and later on proceeds to develop his or her business model, look for financing, and so on.

So there you are. Indeed, setting up a health business is not rocket science, but it nevertheless requires some deep thinking and eagerness to act. Let's then take a look at each step.

What to Expect:

Each step covers discussions, links to references for further study, and a worksheet or two. Try to cover as much as you can in each session, but we know you are busy and have other things to do, so feel free to go at your own pace.

One last point before we proceed: take the worksheets seriously. You can later print and compile these as your ready reference once you take the first step in your exciting journey as a health entrepreneur.



Step 1

Develop Your Business Model



Estimated time: 45 minutes
(60 minutes including readings)

In this session, you will learn the elements of a business model. And how to come up with one for your prospective health business.

What is a business model? A business model describes how a business creates, delivers and captures value. In other words, it is a description of how profit or surplus is generated through a system that fulfils or satisfies the needs (or wants) of both the target customers and the business entity itself.

Mark Johnson, author of the book *Seizing the White Space* (which focuses on health-care model innovation), explains that there are four key elements of a business model:

- The customer value proposition;
- The necessary resources;
- The necessary processes; and
- The profit formula.

And he explains further that there are three types of health-care business models (you can find out more through the link available in this end note⁷⁷):

- The solution shop;
- The value adding process business; and
- The facilitated network.

He explains these as follows:

“In healthcare the solution-shop is the diagnostic activity in a hospital or doctor's office. The value-adding process business is the treatment-related activity (with the provision of corresponding products and services). The facilitated-network is the interconnected group (these days largely through the Internet) through which information can be shared - typically useful to provide state-of-the-art knowledge from experts to generalists, and to circulate useful information between peer-groups such as sufferers of a particular chronic disease.”

For examples of health-care business models, follow the link you can find in this end note.

To design your business model, let us use the “Business Model Canvass (BMC)”, developed by Businessmodelgeneration.com (which you can find using the link in this end note⁷⁹), which proposes a more detailed framework to define the essential elements of a business model. These elements are referred to as building blocks (you can read more through the link available in this end note⁸⁰) and described as follows:

- 1) Customer segments → a business organization serves one or more customer groups such as housewives, young people, men, etc;
- 2) Value propositions → the business seeks to solve customer problems and satisfy their needs through value proposition that encapsulates its products and services intended to customers;
- 3) Channels → these value propositions are delivered to customers through communication, sales, and distribution or service delivery channels;
- 4) Customer relationships → the organization establishes and maintains business relationships with its target customers;
- 5) Revenue streams → revenue streams result from value propositions (i.e., solutions in the form of products and services) offered to and paid for by the target customers;
- 6) Key resources → these are the assets (people, machine, technology, money) required to offer and deliver products and services;
- 7) Key activities → these are things to be done to produce, offer and deliver products and services to target customers;
- 8) Key partnerships → outside entities cooperating with the organization to do activities or to acquire or access resources; and
- 9) Cost structure → the nature of expenses and the amount of money needed to operate the entire business.

Before you proceed to the activities below, watch this video clip by Steve Jobs on marketing. He explains how important values are to marketing and brand building. The lessons he offers also apply to creating your own business. You will recall that in the first section of this course that we talked about passion as an important element of entrepreneurship. Passion is driven by personal values. Thus it is best for you to think about values when you develop your health business model. You can find out more through the video available through the link accessible in this end note⁸¹.



Activity 2.1

Using your chosen business idea from the first section of the course, develop your business model using the Business Model Canvass which is downloadable through a link available in this end note.

Fill up the section on “customer segments” first then fill up the rest following the sequence in the above list. Sample responses for a diagnostic clinic are shown below.

Example: Business Model Canvass for Diagnostic Centre

- **Customer segments:** will serve primarily pregnant mothers and women of reproductive age in the Philippines’s D and E income classifications brackets, as well as rural health unit doctors who serve them
- **Value proposition:** D or E income classification brackets women and pregnant mothers who have difficulty accessing expensive diagnostic lab services, hence the proposed business offer of quality yet affordable ultrasound services
- **Channels:** mothers are encouraged to save for their pregnancy needs and the diagnostic centre (which operates as a social health enterprise) matches these savings by raising money through charity events to be able to pay PhilHealth premiums for each mother recruited into the programme. These mothers are required to visit the Rural Health Unit clinics at least four times during their pregnancy. The Rural Health Unit doctors then refer these mothers to the diagnostic centre for ultrasound procedures
- **Customer relationships:** the diagnostic centre helps the RHU personnel (doctors, nurses, midwives) recruit mothers into a “safe motherhood” programme and regularly conducts health and wellness seminars for mothers and their families, then assists them to go to the RHU birthing facility when they give birth
- **Revenue streams:** the enterprise will earn income through its share in the PhilHealth insurance benefits collected by the RHU birthing facility
- **Key resources:** these are monies needed to pay premiums and to operate and maintain the diagnostic centre, and also includes personnel to handle the “safe motherhood” programme and those who will provide medical services to the mothers
- **Key activities:** include mothers’ recruitment, fund-raising campaigns, health and wellness seminars, mothers’ consultation (with doctor), diagnostic procedures, birthing, and monitoring and collection
- **Key partnerships:** the diagnostic centre will partner with NGOs working in poor communities, RHU clinics and with medical associations
- **Cost structure:** costs to be incurred include insurance premiums, recruitment and education/coordination expenses, clinic supplies, and overhead expenses (such as salaries, marketing/adverts, electricity, water, etc)



Knowledge Review – Step 1

- 1) Mark Johnson, author of the book *Seizing the White Space* (which focuses on health-care model innovation), explains that there are four key elements of a business model: (1) the customer value proposition; (2) the necessary resources; (3) the necessary processes; and (4) the profit formula.
 - a) True
 - b) False

- 2) The business model called the "Solution shop" can be described as

 - a) The treatment-related activity
 - b) The interconnected group through which information can be shared
 - c) The diagnostic activity in a hospital or doctor's office
 - d)

- 3) How many « building blocks » generally need to be taken care of in designing a business model?

- 4) Please pair each business model "building block" (left hand side column) with its definition (right hand side column). For example, the building block "1. customer segment" needs to be paired "A business organization serves one or more customer groups such as housewives, young people, men, etc;". The correct answer is 1d.

Please, continue to pair the building blocks with the correct definition. And select the correct answer in the list below

Building block	Definition
1. Customer segments	a) these value propositions are delivered to customers through communication, sales, and distribution or service delivery channels
2. Value propositions	b) these are things to be done to produce, offer and deliver products and services to target customers
3. Channels	c) It is the result from value propositions (i.e., solutions in the form of products and services) offered to and paid for by the target customers
4. Relationships	d) A business organization serves one or more customer groups such as housewives, young people, men, etc;
5. Revenue streams	e) the nature of expenses and the amount of money needed to operate the entire business.
6. Key resources	f) outside entities cooperating with the organization to do activities or to acquire or access resources
7. Key activities	g) the business seeks to solve customer problems and satisfy their needs through value proposition that encapsulates its products and services intended to customers;
8. Key partnerships	h) these are the assets (people, machine, technology, money) required to offer and deliver products and services;
9. Cost structure	i) the organization establishes and maintains business relationships with its target customers

- a) 1d; 2g; 3a; 4i; 5c; 6h; 7b; 8f; 9e
- b) 1d; 2a; 3c; 4g; 5h; 6b; 7f; 8e; 9i
- c) 1d; 2g; 3a; 4c; 5e; 6h; 7i; 8b; 9f

Step 2



Choose Your Location



Estimated time: 70 minutes
(100 minutes including readings)

In this session you will learn to assess and choose the best location for your prospective health business.

Perhaps you have heard seasoned business people say that there are only three things that are important to the success of any business: location, location and location! Well, location is indeed important for these six simple reasons:

- 1) **Visibility:** the adage “out of sight, out of mind” is true even in business. That is why large sums of money is spent for signage, billboards and visual ads to make the company or the product top-of-the-mind
- 2) **Accessibility:** your business should be close enough to your customers and your suppliers to minimize travel and transportation costs
- 3) **Safety and security:** on one hand, your business and the people in or around its facilities, whether as workers, customers, residents or just visitors, should be free from harm and danger. On the other hand, your business should also be free from any harm or danger so as not to jeopardize its operations
- 4) **Image and reputation:** heard of the saying “birds of a feather flock together”? Certainly that also applies to your business as people tend to form an opinion or impression on certain things based on what they see around it. For instance, dirty is associated with garbage, thus you certainly do not want your medical laboratory to be located beside a garbage dump
- 5) **Rhythm or synchronicity:** some people call this “feng shui”, but did you know that some feng shui rules actually have practical reasons? For example, in feng shui it is believed that it is bad luck to locate your structure in a site that is below the road or street level, especially when the road is directed towards it. This should indeed be followed if you do not want your building to be flooded or to be rammed by a speeding vehicle.

- 6) **Viability:** the ultimate question that an entrepreneur will ask themselves before he/she chooses a location is “will my business be able to cover all the costs associated with this location and make a decent margin after imputing other costs?” The challenge then is on how to strike a balance among the different factors cited above to produce the optimum, desired results of the business.

Most of the info you need to assess your location is best collected through actual site observation. You can also interview people or check data available at the planning and development office of your town or city.

So, as an entrepreneur, how will you then choose the best location for your proposed business? Using your business model as a reference, follow this simple procedure:

1. Identify areas where your target customer segments most likely converge or pass.
2. Determine where you can source out your input supplies, materials or services to set up and run your business.
3. Check if there is any establishment in the area that may either complement or compete with the service or product that you will be offering. Know where your competitors are located (note that some entrepreneurs sometimes decide to locate their business right beside their competitors to be more visible, and to offer better products or services targeting the same segment/s as their competitor is serving).
4. Verify existing or planned zoning regulations or restrictions including planned developments that may happen in your target location.
5. Check the overall ambiance or feel and situation of the general surroundings. This may include traffic, noise, peace and order, existing facilities, etc.
6. Determine the rent and other related costs such as renovation, power, water, etc.

On the right are links to certain articles that amplify most of the points we discussed in choosing your best location of your proposed business. Read them to have a better understanding of these points.



Activity 2.2

Below is a matrix of questions that will help you choose the best location for your business. Indicate your responses in the spaces provided for.

Process your responses by comparing and contrasting your responses to each question under the different locations. The best location is the one that best satisfy the requirements of your proposed business.

Item	Questions	Target Location 1	Target Location 2	Target Location 3
LOCATION				
1	Do your target customers most likely converge in or pass by this specific location?			
2	Will this location be able to easily access raw materials or suppliers or even services required to run the business?			
GENERAL SURROUNDINGS				
3	What are the businesses in the vicinity of the target location?			
4	What is the general physical as well as peace and order situation in the area? Does the “ambiance” of the place fit with the concept and principles or values of your business?			
COMPLEMENTARITY OF NEARBY BUSINESSES				
5	Do these existing establishments offer complimentary or competing services or products? What are these products or services?			
6	Is there any planned development that may occur in the building or area? Will this complement or contradict your business?			

Item	Questions	Target Location 1	Target Location 2	Target Location 3
ZONING				
7	Are there existing regulations or restrictions (zoning, curfew, etc) that may contradict the nature or purpose of your business? What are these?			
RENT				
8	How much is the rent? What conditions does the owner of the place impose on tenants?			
SUPPLY FACILITY				
9	What is the condition of support facilities including utilities (water, power, security, etc)?			
10	What other tangible and intangible costs (e.g., renovation, power, water, security, time to get there from your place, etc) will you incur if you take this location? Can you and your business afford these costs?			



Additional reading

- 1) Tips for choosing your business location. www.sba.gov/content/tips-choosing-business-location
- 2) How to find the best location. www.entrepreneur.com/article/73784
- 3) Choosing a successful location for your business. www.nolo.com/legal-encyclopedia/choosing-successful-location-business-29678.html



Knowledge Review – Step 2

- 1) The location where a business is set is _____
 - a) Not an important factor
 - b) A very important factor
 - c) A somewhat important factor

- 2) Safety and security should be a factor to be considered in selected a location for your business
 - a) True
 - b) False

- 3) What is the best way to collect information to assess your future business location?
 - a) Through actual site observation.
 - b) By interviewing people
 - c) By consulting data available at the planning and development office of your town or city.
 - d) a and b
 - e) b and c
 - f) a, b and c

- 4) You should never locate your business near that of your competitor.
 - a) True
 - b) False

- 5) There are normally six factors to consider in choosing a location for your business. Which one (or ones) is/are not part of the list.
 - a) Visibility
 - b) Accessibility
 - c) Number of windows in the property
 - d) Image and reputation
 - e) Presence of coffee room for the staff
 - f) a and b
 - g) a, b and d
 - h) a d and e
 - i) c and e



Step 3

Raise Your Capital



Estimated time: 50 minutes

(95 minutes including readings. You will need more time if you go through all the resources and activities provided in detail, which is recommended)

This session will help you determine your start-up capital and assist you to explore possible sources of financing.

When you ask someone if he or she is interested to start a business, it is likely that you get an answer like this: “Yes, I have a business in mind but I do not have enough capital to start with.” This is a common excuse for people not to engage in business. But true-bloodied entrepreneurs will not be daunted by lack of capital, for after all entrepreneurship is about creating value in a given situation no matter what that situation is.

Before we talk of raising the capital you need to set up your business, let us first have an estimate on how much you really need. Below is a list of initial costs every start-up business has to contend with.

1. Prepaid or advance rent and deposit, which usually ranges from two months to six months’ rent equivalent (depending on the kind of your business. A bond may also be required by either clients or suppliers. For instance, when you join a bid to supply drugs to a government hospital, you are normally required to put up a performance bond.
2. Building construction or renovation expenses.
3. Procurement of equipment, furniture, fixtures and initial supplies and materials.
4. Registration, licensing, permitting and insurance expenses
5. Training and induction for the staff.
6. Initial salaries/wages for at least three months.
7. Other expenses such as launch and initial promotions.



Activity 2.3

How much investment or capital do you really need? Figure it out in the matrix below. It is best to itemize each expense depending on the nature of your proposed business.

Item	Particular	Quantity	Unit	Quantity	Unit	Total
1	Rent (Prepaid or advance rent and deposit, which usually ranges from two months' to six months' rent equivalent)					
	Rent					
	Bond					
2	Building construction or renovation expenses (to be based on the estimate done by an engineer)					
	Construction permit					
	Engineer					
	Labourers					
	Paint					
	Tools					
3	Procurement of equipment, furniture, fixtures and initial supplies and materials					
	Tables					
	Chairs					
4	Legal aspects					
	Licensing					
	Insurance					
5	Staff training and related activities					
6	Wages and social protection coverage					
	CEO					
	Technical staff 1					
	Technical staff 2					
	Administrative support					
	Cleaners					
	Security guards					
7	Launch					
	Renting room for launch					
	Food					
	Music					
	Printed promotional material					
	Announcement in papers					
8	Utilities					
	Water					
	Electricity					
	Internet					

Item	Particular	Quantity	Unit	Quantity	Unit	Total
9	Materials					
	Medical supplies					
	Office supplies					
10	Other					
	Total					

Now that you know how much you need to set up your health business, let us identify possible sources of capital or resources that you can tap:

1. **Your savings.** This is the most ideal source as you will not be incurring any interest expense. The only difficulty is when you don't have another source of income and thus you are dependent on your savings for your daily expenses. That is why it is better to start a side business while you are employed. This will give you enough leeway to learn the ropes of entrepreneurship while having a steady source of income for your personal expenses.
2. **Your family, relatives and friends.** If your parents and siblings, or even your relatives or friends have the means then you can approach them to help you with your new venture. It is necessary though to clarify how you will return the money to them.
3. **Government support programmes.** If you are an OFW you can check with the relevant government agency (such as OWWA and POEA) for assistance. A number of government agencies do offer some concessional loans or grants. The link provided in the following end note present a complete list of financing opportunities.⁸³

Note that there are agencies like the Department of Trade and Industry (DTI) that can help you with your technical requirements such as product development and training. Check the services offered by the Design Centre of the Philippines which can be found via the link offered in this end note.⁸⁴

4. **Banks and other financial institutions.** Plenty of financing may be secured from banks and other types of financial institutions such as pawnshops, lending investors, etc. For banks, however, access may be difficult due to collateral and documentation requirements. Pawnshop or lending investor financing is easier to access, but they charge higher rates. You should negotiate and ensure you have all the necessary information to make a safe decision. For health entrepreneurs, the Development Bank of the Philippines (DBP) offers financing for health-care projects at special rates. For more information follow this link which can be found in this end note.⁸⁵
5. **Partners and Venture Capitalists.** If you are open to share your business with others then you can ask people you know to co-invest in your venture. This scheme requires you to be open to work and share responsibilities with others.

6. **Other sources.** There are other ways to raise capital. For example, if you are keen on setting up a social enterprise then you can try crowd-funding or seeking donations from individuals via the Internet. Using the Internet, you can solicit funds from supporters who believe in your advocacy on health. You can try the Commission on Filipino Overseas Balink Bayan Programme to access support from other Filipinos. Check the link which can be found at this end note.⁸⁶ Another way is to lease or rent the equipment you need. More information on how to raise resources can be accessed through the link offered in this end note.⁸⁷



Activity 2.4

Now let's find out how much money you can raise for your start up health business. Fill out the matrix below.

A	Total capital requirement (refer to your output in the previous activity/exercise)	
B	Possible sources	
1	Personal savings	PHP
2	Family, relatives and friends	PHP
3	Government support programmes	PHP
4	Bank and other financing entities	PHP
	Total (available fund from all sources)	PHP
	Deficit (investment/capital requirement less available fund)	PHP
<p>If you are in deficit, describe how you will raise the amount from other sources. Review the possible sources described above.</p>		

Alright, so you have computed or estimated the total amount of money you need to set up your business and you found out your current sources are not enough to raise the required capital. Relax. There is another way to look at it. Review the scale and phasing or timing of activities and expenses. Also, take a look at the possible amount of cash your proposed business might be able to generate once you decide to partially open. That is what is referred to as a "soft opening". This tactic enables you to raise cash while completing the other facilities or requirements of your business. Indeed cash, or to be more accurate, cash flow, is KING, as they say.



Additional reading

- 1) How to raise money for your business. www.entrepreneur.com/howto/raisemoney/
- 2) Eight ways to raise money for your start-up. addicted2success.com/startups/8-clever-ways-to-raise-money-for-your-new-startup/



Knowledge Review – Step 3

- 1) If you do not already have all the funds you need to start your business, you should immediately drop your business idea and not think about it anymore
 - a) True
 - b) False

- 2) In estimating the funds you will need to set up your business, which of the below factors should a business person consider?
 - a) Prepaid or advance rent and deposit
 - b) Building construction or renovation expenses
 - c) Procurement of equipment, furniture, fixtures and initial supplies and materials.
 - d) Registration, licensing, permitting and insurance expenses
 - e) Training and induction for the staff.
 - f) Initial salaries/wages for at least three months.
 - g) c and f
 - h) none of the above
 - i) all of the above

- 3) What is one of the challenges associated with “pawnshop”
 - a) They tend to give new business people too much funds
 - b) They tend to charge higher interest rate
 - c) As they are not bound by confidentiality, they tend to communicate business ideas to other business people

- 4) Why might it be more difficult to secure funds from a bank?
 - a) Banks tend to ask for collateral and documentation requirements.
 - b) It normally takes time to secure an appointment with a bank
 - c) Bank do not have a lot of service point in remote areas of the Philippines

- 5) Borrowing money from friends and relatives is the easiest and best way to raise funds for your business because you do not have to worry about reimbursing them
 - a) True
 - b) False



Step 4

Build Your Facility



Estimated time: 40 minutes

(60 minutes including readings. You will need more time if you go through all the resources provided and activities in detail, which is recommended)

In this session, you will learn key pointers on how to build the facility to be used in your health business, and come up with an action plan.

The facility you need depends on the type and requirements of your health business. It can range from a simple room for a medical clinic to a sophisticated laboratory for a diagnostics centre. There are minimum standards in terms of size, equipment and amenities prescribed by relevant government agencies, including for a laboratory. Click the link on the right to see the list of equipment needed by each category.

With the advent of e-commerce, your health business may involve both physical and virtual or online facilities. Whatever the kind of facility you need, the same logic applies.

Building your health facility has six steps:

1. Engage a qualified professional (usually an engineer or an architect) who knows how to design and build a facility needed by your particular business.
2. Sit down with him/her so that you can fully explain to them your needs and desired specifications. These should give him/her an initial set of design considerations in addition to the minimum standards as required by regulators.
3. Review and approve the facility's design and specifications. This should include lay-outs, schematic diagrams, list of equipment with their specifications, bill of materials, etc.
4. For a physical facility, get the necessary construction or renovation permits from the local government unit where your proposed business will be located. For a virtual facility, you just need to register a domain name. Visit the link provided in this end note for more information⁸⁸ or any other domain hosting site. Just Google "domain hosting".

5. Develop the facility and procure equipment and facilities based on approved plans and specifications.
6. Conduct test-run or commissioning to test functionality and other requirements prior to launch



Activity 2.5

Firm up your intention to build your facility by indicating the timeframe in the simple action plan below. Feel free to insert other key activities that you think should be included

Item	Activity	Output	Timeframe	Who is responsible
1	Engage a qualified professional (usually an engineer or an architect) who knows how to design and build a facility needed by your particular business.	Signed and notarized contract	Complete by (date)	Name of the person responsible
2	Sit down with him/her so that you can fully explain to him your needs and desired specifications.	List of design considerations	Complete by (date)	Name of the person responsible
	These should give him/her an initial set of design considerations in addition to the minimum standards as required by regulators.	Approved plans and specifications	Complete by (date)	Name of the person responsible
3	Review and approve the facility's design and specifications. This should include lay-outs, schematic diagrams, list of equipment with their specifications, bill of materials, etc.	Permits and/or other legal documents secured Completed facility Functionality verified	Complete by (date)	Name of the person responsible

Item	Activity	Output	Timeframe	Who is responsible
4	For a physical facility, get the necessary construction or renovation permits. For a virtual facility, you just need to register a domain name.	Permits and/or other legal documents secured	Complete by (date)	Name of the person responsible
5	Develop the facility and procure equipment and facilities based on approved plans and specifications.	Completed facility	Complete by (date)	Name of the person responsible
6	Conduct test-run or commissioning to verify functionality and other requirements prior to launch.	Functionality verified	Complete by (date)	Name of the person responsible



Additional reading

- 1) Set up a lab. www.formsphilippines.com/guide/292/application-for-permit-to-construct-a-clinical-lab



Knowledge Review – Step 4

- 1) There are normally 6 steps to building the facility you will need in starting your business. The first one consist in hiring a qualified professional to design the facility. Which of the below people may be suitable for this job?
 - a) A doctor or other health professionals
 - b) A lawyer
 - c) An engineer or an architect
 - d) Your cousin, a qualified electrician

- 2) Which of the following should not necessarily be including in the proposal submitted to you by a professional engineer or architect when building or enhancing your new business facility?
 - a) Lay out of the premises
 - b) The curriculum of the professional and his or her university affiliation
 - c) Schematic diagrams
 - d) List of equipment with their specifications
 - e) Bill of materials
 - f) None of the above
 - g) a and c
 - h) a, b, c, d and e

- 3) There are normally 6 steps to building the facility you will need in starting your business. Here are 4 of them. What are the two respectively missing steps 3 and 6.
 - Engage a qualified professional who knows how to design and build a facility needed by your particular business.
 - Sit down with him/her so that you can fully explain to them your needs and desired specifications.
 - _____
 - For a physical facility, get the necessary construction or renovation permits from the local government unit where your proposed business will be located.
 - Develop the facility and procure equipment and facilities based on approved plans and specifications.
 - _____.

Choose your response below.

- a) Select a venue for the business and Review and approve the facility's design
- b) Review your business plan and Review and approve the facility's design
- c) Select a venue and Organize the business launch

- d) Review and approve the facility's design and specifications and conduct test-run or commissioning to test functionality and other requirements prior to launch
- 4) Building your business facility does not require a construction or renovation permit
 - a) True
 - b) False
- 5) There are _____ standards in terms of size, equipment and amenities prescribed by relevant government agencies, including for a laboratory. Choose the missing word.
 - a) Maximum
 - b) Minimum
 - c) Useless
 - d) Complicated

Step 5



Formulate Your Standard Operating Systems, Policies and Procedures



Estimated time: 120 minutes

(160 minutes including readings. You will need more time if you go through all the resources provided and activities in detail, which is recommended)

Now that we have discussed the essentials in building your business facility (the hardware), it is time to focus on the so-called “soft infrastructure”.

The soft infrastructure is like code of a computer program. You need these to set the parameters by which the business will operate and how your employees behave and perform in the organization.

In this session you will learn what standard systems, policies and procedures you need to prepare for your health business.

We refer to systems as a set of processes that involves people, facilities and activities. A good example is a product ordering system. At a minimum, such a system requires an inventory tracker, a sales forecast, a set of suppliers, some equipment such as computers or phones for you to prepare orders and contact suppliers, and the person who will handle the entire process -- from preparing the list to be purchased to contacting suppliers to receiving the products ordered.

Now, what is a policy? A policy is a general principle that will guide the people involved in the system. These are like traffic signs that you see in the highway while driving. From our example above, a good product ordering policy is to set the minimum inventory level that requires the purchaser to order additional products.

And what are procedures? These are sequential steps that one has to follow to do a business activity well and to perform a particular business need or requirement, in this case ordering a product or inventory. Again, in our example above, the steps involved in ordering a product involves determining inventory levels, determining sales forecast, identifying suppliers, and so on. A sample procurement policy may be accessed here through the link presented in this end note.⁸⁹

You can pick up items from this sample policy manual to develop your own simple procurement policy.

To set up your business you need to focus on three basic areas of concerns that will enable you to operate your business in an orderly manner: work process, organizational structure, and manual of policies. These will embody the code or DNA of your business. Consider the following:

1. **Design work processes:** What specific activities, tasks and procedures are needed to develop the services or products that you will offer to your clients? All these must be thought out and compiled in a so-called work process flowchart.

An example of a work process is the “product ordering” process we discussed above. An online resource page and video that explains how to prepare a process chart may be accessed in the link that found be found in the end note that follows.

2. **Design an organizational structure.** Referring to the work processes, organize or cluster of interrelated tasks and create a position title or designation to cover each.

Clustering may be done by grouping activities and tasks around functions (such as accounting, procurement, sales, services, etc) or stakeholder groups (such as client segments or customer segments, suppliers, contractors, etc). For example, product ordering, inventory management and control, and warehouse facility management may be grouped to create the position of a “logistics officer”. Read more on organizational design and organizational structure in the following two links, available in the next end note.

3. **Prepare a manual of policies.** This document consolidates all the policies and procedures covering human resource, health and safety, travel and security, facilities and supplies, communications and information technology, and decision making. You can get full guidance in writing a policy manual in the following link, available in this end note. Likewise, a checklist in preparing an employee handbook may be accessed through the following link, found in the next end note.

Sample policies may be accessed through the link accessible in this end note.



Activity 2.6

Let us now identify key elements of your business operations to serve as your take-off points in fleshing out your work processes and organizational chart.

On Your Work Processes:

	Product or Services	Key Activities and Tasks Required to Make These Available to Target Customers
1	Example: Drugs retailing (i.e., pharmacy)	Example key activities: <ul style="list-style-type: none"> • procurement of stocks, • inventory management, • merchandising, • prescription or order taking, • patient counselling, • etc.
2		
3		
4		
5		

On Your Organizational Chart:

For example, a ‘mandatory position’ in a pharmacy, one mandatory position is a pharmacist post. For a laboratory, it would be a medical technologist position. This depends on the type of business you are looking at.

	Area of Operation	Mandatory Positions Needed
1	Overall/general management	
2	Finance and administration	
3	Production (if applicable)	
4	Sales and marketing	
5	(Add more as necessary in your type of business)	



Additional reading:

- 1) How to write policies and procedures for your business. www.wikihow.com/Write-Policies-and-Procedures-for-Your-Business
- 2) How to develop policies and procedures. www.diycommitteeguide.org/article/how-develop-policies-and-procedures



Knowledge Review – Step 5

- 1) What is a “system”? Choose the appropriate answer.
 - a) A lack of order or arrangement
 - b) A set of processes that involves people, facilities and activities.
 - c) A number of files and folders to collect information and important papers

- 2) A policy is a general principle that will guide the _____ involved in the system. Choose the appropriate missing word.
 - a) Suppliers
 - b) Clients
 - c) People
 - d) Tax collector and other government agents

- 3) What is the purpose of a system in a business? Choose the appropriate answer.
 - a) To ensure adequate tax collection for the local government unit
 - b) To establish the qualification of employees in a business
 - c) To set the parameters by which the business will operate and how your employees behave and perform in the organization.

- 4) There are three basic areas of concerns that need to be taken into consideration in setting up a business. Work process, organizational structure and _____. Choose the appropriate answer.
 - a) Manual of policies
 - b) Manual of financial obligations
 - c) Manual for the scheduling employees
 - d) All of the above.

- 5) What is a manual of policies susceptible to contain? Chose the appropriate answer.
 - a) Human resource, salary, holidays, maternity leave
 - b) Human resource, health and safety, travel and security, facilities and supplies, communications and information technology and decision making.
 - c) Type of services offered, associated prices, conditions

Step 6



Recruit Your Personnel



Estimated time: 120 minutes

(160 minutes including readings. You will need more time if you go through all the resources provided and activities in detail, which is recommended)

In this session you will learn the process of recruiting the right people for the right job in your health business.

People are the most important elements of your business whether they are your customers or your employees. Your customers pay you for helping them solve their problems or satisfy their needs and wants. And your own employees are the only ones who can make this happen.

Perhaps you have heard some employers say that hiring an employee is like placing a bet in a casino. This sometimes happen when the wrong person is recruited into the job. There is a mismatch between the job requirement and actual competencies of the employee. If you are not careful then you might even recruit an applicant who fudged his or her application papers just to impress you. Thus it is important that you plan and conduct your recruitment well to avoid costly mistakes.

There are 6 sequential tasks in the recruitment process:

1. **Prepare the job profile or description.** The organizational structure we discussed in the previous session should serve as your basis in preparing the job profile or description. Be clear on what the job really entails. This includes job title, job purpose or what it aims to accomplish or contribute to the business, job scope, and duties and responsibilities. Refer to the work process flowchart and the organizational structure that you prepared in Steo 5. Check sample job descriptions which can be accessed in the link available in this end note.⁹⁰
2. **Prepare the person profile or description.** This describes the attributes of a certain person for him or her to perform the duties and responsibilities specified in the job profile. Attributes refer to the person's experience, qualifications, qualities and competencies. Competencies refer to knowledge, attitudes, skills and behaviour necessary to perform a certain task. Diversity at work is an advantage. A welcoming invitation for women and people with disabilities to apply is encouraged. Check sample person profile available in this end note.

3. **Advertise your vacancy.** After completing the job and person profiles you can now advertise your personnel need. You can do this in a variety of ways that ranges from cheap to expensive. The cheapest way to advertise is to ask for referrals from people you know or by posting announcements in conspicuous areas. You can also do online announcements through networking sites as well as recruitment agencies. The Department of Labor and Employment, through its PhilJob Net and the Department of Health through its e-Job for health are also good advertising options and should be considered. Advertising in print and broadcast media, especially if the circulation is wide, is expensive. Each method has its own advantages and disadvantages so select the one that fits your requirement and budget. You can visit the following links available in the next end note, for more info on advantages and disadvantages of different methods of recruitment.⁹²

4. **Select the best applicant.** Ideally, selecting the best applicants has 4 screening stages. The first is paper screening, which is easily done by reviewing their curriculum vitae or biodata to come up with a shortlist. The second is a panel interview involving your trusted colleagues (or even your spouse if yours is a family business) to probe deeper into the qualifications and potentials of the candidates. The third stage is to do referral or background checks on your shortlisted applicants. You can do this by calling their references and by checking on their former employers or schools they attended. And the 4th stage is the final interview by you of a couple of applicants narrowed down from the shortlist after the panel interview. Note that interviewing takes a lot of your time so ensure you do it right. Browse the link available in this end note for tips in interviewing.⁹³

5. **Conduct further due diligence and prepare the employment contract** which is a binding agreement between you and your employee. Once you have selected your desired employee the next step is to comply with legal contracting requirements. An employment contract may be a good strategy to use to increase the retention of your newly hired employee. It allows for both to negotiate the terms under which you will cooperate with one another.

Ask the chosen applicant to submit clearances (NBI, police and former employer, if applicable), photocopy of community tax certificate as well as the results of his/her medical and physical exams from a licensed medical doctor and lab facility. He/she should also submit photocopies of Philippines Health Insurance Corporation, Home Development Mutual Fund and Social Security System membership IDs, if any. These documents should be reviewed and analyzed to see if the chosen candidate is indeed fit to join your firm. You also need some information from these documents to prepare his/her employment contract.

The employee contract should contain the following basic elements: scope of work and job description, duration of employment, information about the employee's

responsibilities, compensation and benefits (holidays, health insurance, etc), limitations on the employee's ability to compete with your business once the employee leaves protection of your trade secrets and client lists performance evaluation, and ground for termination and possibly a method for resolving any disputes that arise about the agreement. The following link, available in this next end note will provide more information.⁹⁴

A sample employment contract may be seen in this following link. Just access this end note for more.⁹⁵

6. **Induct the new employee.** This includes the following: giving him/her an overview of the organization such as its vision, mission, values or ethical standards, business objectives, etc; explaining and giving him/her copies of all relevant employee manuals; introducing him/her to his/her supervisor (if any) and to colleagues; and issuing him/her needed work tools and similar items. Visit this next link, via this end note, for a sample employee induction checklist.⁹⁶



Activity 2.7:

Decide which of the employee positions in the organizational chart you prepared will be recruited first. Then prepare a job profile and a person profile for that position based on the samples provided in the links.



Additional reading

- 1) A checklist for success in hiring employees. humanresources.about.com/cs/selectionstaffing/a/hiringchecklist.htm
- 2) Five attributes to look for in high performing employees. www.entrepreneur.com/article/231383



Knowledge Review – Step 6

- 1) What is a “system”? Choose the appropriate answer.
 - a) A lack of order or arrangement
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 - a) Human resource, salary, holidays, maternity leave
 - b) Human resource, health and safety, travel and security, facilities and supplies, communications and information technology and decision making.
 - c) Type of services offered, associated prices, conditions

Step 6



Recruit Your Personnel



Estimated time: 120 minutes

(160 minutes including readings. You will need more time if you go through all the resources provided and activities in detail, which is recommended)

In this session you will learn what legal requirements you have to comply with to operate your business legally.

Health and health-related businesses are one of the most regulated and technologically demanding sectors of the economy, as these types of businesses have direct, immediate effect on the well-being of people.

In the business model, you already determined what kind of health business you will venture into. You also identified the specific products or services that you will offer to your target customer segments.

Now, to determine what legal regulations cover your business, let us first determine the legal form of business that you will adopt.

In the Philippines, there are five legal forms of business that you can follow: single proprietorship, partnership, stock corporation, non-stock corporation, and cooperative. The features of these are presented in the links at the right side and summarized on the following page.

Features	Single Proprietorship	Partnership	Stock Corporation	Non-Stock Corporation	Cooperative
Owner/s	A natural person who usually operates the business him/herself	One or more persons	Minimum of five persons	No owners but at least five persons are required to form the corporation (Note: this type of "business" falls under the category of NGOs -- examples are associations with members)	Minimum of 15 persons
Advantages	<ul style="list-style-type: none"> Easiest and least expensive form of ownership to organize Sole proprietors are in complete control, and within the parameters of the law, may make decisions as they see fit. 	<ul style="list-style-type: none"> Partnerships are relatively easy to establish, but time should be invested in developing the partnership agreement With more than one owner, the ability to raise funds may be increased 	<ul style="list-style-type: none"> Shareholders have limited liability for the corporation's debts or judgments against the corporation Generally, shareholders can only be held accountable for their investment 	<ul style="list-style-type: none"> Is allowed to receive grants, donations and other similar support from anybody or any agency Is tax-exempt provided the service fees it collects are related to the services 	<ul style="list-style-type: none"> All officers and members must be active in the organization Shareholders have equal vote at general meetings regardless of their shareholding or involvement in the cooperative

Features	Single Proprietorship	Partnership	Stock Corporation	Non-Stock Corporation	Cooperative
	<ul style="list-style-type: none"> Profits from the business flow directly through to the owner's personal tax return The business is easy to dissolve, if desired 	<ul style="list-style-type: none"> The profits from the business flow directly through to the partners' personal tax return Prospective employees may be attracted to the business if given the incentive to become a partner The business usually will benefit from partners who have complementary skills 	<p>in stock of the company. (Note however, that officers can be held personally liable for their actions, such as the failure to withhold and pay employment taxes</p> <ul style="list-style-type: none"> Corporations can raise additional funds through the sale of stock A corporation may deduct the cost of benefits it provides to officers and employees 	<p>it provides to target groups it seeks to serve</p> <ul style="list-style-type: none"> Can attract volunteers to support its mission 	<ul style="list-style-type: none"> Shareholders, director, managers and employees have no responsibility for debts of the cooperative unless those debts are caused recklessly, negligently or fraudulently It can legally receive grants and other forms of financial assistance It is controlled by members and not by anybody else, even those that provide grants and other forms of support

Features	Single Proprietorship	Partnership	Stock Corporation	Non-Stock Corporation	Cooperative
Disadvantages	<ul style="list-style-type: none"> Sole proprietors have unlimited liability and are legally responsible for all debts against the business. Their business and personal assets are at risk May be at a disadvantage in raising funds and are often limited to using funds from personal savings or consumer loans May have a hard time attracting high-calibre employees, or those that are motivated by the opportunity to 	<ul style="list-style-type: none"> Partners are jointly and individually liable for the actions of the other partners Profits must be shared with others Since decisions are shared, disagreements can occur Some employee benefits are not deductible from business income on tax returns The partnership may have a limited life; it may end upon the withdrawal or death of a partner 	<ul style="list-style-type: none"> The process of incorporation requires more time and money than other forms of organization Corporations are monitored by federal, state and some local agencies, and as a result may have more paperwork to comply with regulations Incorporating may result in higher overall taxes. Dividends paid to shareholders are not deductible from business income; thus this 	<ul style="list-style-type: none"> Not suited to individuals whose purpose is to earn money for themselves or their families and friends Too much paperwork to get funding and to report where these funding were utilized Difficult to attract personnel as most non-profits have difficulty getting funds for overhead expenses Retained in the organization for its own operations 	<ul style="list-style-type: none"> As a cooperative formed to provide a service to their members rather than a return on investment, it may be difficult to attract potential members/shareholders whose primary interest is a financial return There are mandatory reserves that are required to be created and maintained out of the net surplus, thereby limiting the net surplus

Features	Single Proprietorship	Partnership	Stock Corporation	Non-Stock Corporation	Cooperative
	own a part of the business		income can be taxed twice		<p>that may be distributed to members</p> <ul style="list-style-type: none"> Members who are active and have higher shares have the same rights and privilege as less active members Requires continuous education and training programme for director, officers, management and members that are costly to implement

Features	Single Proprietorship	Partnership	Stock Corporation	Non-Stock Corporation	Cooperative
Profit distribution	100% for the owner	Equal share unless there is a written agreement that states differently	Dividend is given to shareholders based on stocks they own	Retained in the organization for its own operations	Surplus is given to members based on their share capital
Registering agency	Local government unit where the business is located	Securities and Exchange Commission	Securities and Exchange Commission	Securities and Exchange Commission	Cooperative Development Authority

The registration of your business will depend on the type, nature and product/service offerings of your health business. For instance, a single proprietorship retail pharmacy has a different set of registration requirements from a pharmacy engaged in distribution. We suggest that you read all the links provided in the right side to give you an idea on the range of processes and requirements when you register your business.



Activity 2.8:

After analyzing the features of the different legal forms that may be applicable to your health business, fill up the matrix below. Note the legal form of your business may be influenced by the kind of business you will venture into, and on whether or not you will have co-investors.

1	The kind of my business is (Be specific)	<i>Sample answer:</i> I will venture into a retail pharmacy.
2	The names of persons who will invest in my business (if none, indicate “not applicable”)	<i>Sample answer:</i> None will co-invest with me since I will be using my own savings while working abroad.
3	Hence, I think it is best to register my business as ... (indicate form of business)	<i>Sample answer:</i> As this is a simple retail business where I will be using my own savings, I believe it is best to just register it as a single proprietorship.
4	The reason/s why I chose this form of business is/are ...	<i>Sample answer:</i> A single proprietorship will be easy to form and register. I will also have the freedom to make any decision on how to grow the business.

Now that you have made a decision on the legal form of your business, let us discuss another major decision that you have to make and register: your business name.

But how do you name your business. A step-by-step guide by wikiHow can be accessed through the link available in this end note⁹⁷.

There are three key steps:

- Brainstorming;
- Filtering; and
- Testing.

Brainstorming entails the generation of as many possible names that you can think of. These names should be closely associated with the nature of your business.

Filtering means eliminating items in your long list of prospective business names so that you can arrive at the best possible options. You can use different criteria to screen the most suitable names. Criteria should include legal considerations (i.e. you cannot use a name that is already registered by another business person), relevance to the nature of your business, simplicity (i.e. easy to read, pronounce and remember). In this Internet age, you may also want to include web-readiness as criteria, especially if you wish to use the Internet to sell your products or services in the future.

Testing is usually done by asking your target customers about their opinions, feelings and suggestions on the shortlist you prepared. Pick the one that resonates well with them.

Choose the best three names, and then if your business form is single proprietorship, go to the DTI business name registration portal to make a reservation. The following link, which can be accessed in this end note, discusses business name registration.⁹⁸

For corporations or partnerships, you need to register the name of the corporation or partnership instead of a business name. Do the same procedure in choosing the name of your corporation. Once ready, proceed to this link: SEC iRegister by visiting the link offered in this end note.⁹⁹

If you wish to set up a cooperative, do the same steps and visit the local Cooperative Development Authority office and your province to seek guidance. Cooperatives are also tightly regulated, thus it is better to get in touch with the regulators right away to save time.

After you are done with the naming and registration of your business, you can now proceed to your barangay and city/municipality business licensing units to process your barangay and mayor's permit. Note that many towns and cities have already incorporated in their requirements your registration with DTI, SSS, PHIC, HMDF, DOH and other agencies before they will grant you a permit to operate. Better to check with your local business licensing office at the city/town hall before proceeding any further.



Additional reading:

- 1) Business documentary forms and guides. www.formphilippines.com/search.php?search=Health Facility Establishment Review Committee Checklist for Review of Floor Plans Laboratory
- 2) Forms of business organizations. www.kcsourcelink.com/startup/registrations-licenses-and-permits/forms-of-business-organization and www.bizfile.gov.sg/mybizfile/prod/pop_up/Comparison_Chart.pdf
- 3) Comparison of business forms. www.uwcc.wisc.edu/whatisacoop/BusinessStructureComparison/
- 4) How to get a SEC registration. bongcorpuz.com/2008/01/22/how-to-register-a-corporation-with-the-philippines-sec/
- 5) Where to register for what? dti.gov.ph/dti/index.php?p=353
- 6) Business name registration. www.bnrs.dti.gov.ph/web/guest/registration
- 7) How and where to register a cooperative. www.cda.gov.ph/index.php/frequently-asks-questions-faqs
- 8) PhilHealth accreditation. www.philhealth.gov.ph/partners/providers/institutional/requirements.html
- 9) SEC iRegister. iregister.sec.gov.ph/MainServlet
- 10) Business registration. www.doingbusiness.org/data/exploreeconomies/philippines/starting-a-business
- 11) Mayor's permit. www.cebuexpatservices.com/a-quick-guide-to-starting-a-business-in-the-philippines.php
- 12) Pharmacy establishment. rxistsource.blogspot.com/2012/10/requirements-to-set-up-drugstore-in.html
- 13) MNCHN Manual of Operations. www.doh.gov.ph/sites/default/files/MNCHN%20MOP%20May%204%20with%20ECJ%20sig.pdf

Knowledge Review – Step 7

- 1) Which of the below statement is accurate. Choose the appropriate answer
 - a) Health and health-related businesses are one of the most regulated and technologically demanding sectors of the economy
 - b) Health and health-related businesses are one of the least regulated and technologically unchallenging sectors of the economy
 - c) Health and health-related businesses are no more regulated and technologically demanding than any other sectors of the economy

- 2) In the Philippines, how many different forms of business exist? Choose the appropriate answer.
 - a) One
 - b) Two
 - c) Three
 - d) Four
 - e) Five
 - f) Six
 - g) Ten

- 3) A cooperative is one particular type of business in the Philippines. Choose the appropriate answer.
 - a) True
 - b) False

- 4) Which of the following is not a legally recognized business type in the Philippines. Choose the appropriate answer.
 - a) Single Proprietorship
 - b) Partnership
 - c) Benefit corporation
 - d) Non-stock Corporation
 - e) Stock Corporation

- 5) A retail pharmacy has the same set of registration requirements as a pharmacy engaged in distribution. Choose the appropriate answer.
 - a) True
 - b) False

Step 8



Set the Appropriate Price of Your Service or Product



Estimated time: 40 minutes

(90 minutes including readings. You will need more time if you go through all the resources provided and activities in detail, which is recommended)

In this session you will learn the methods of pricing your product or service. Pricing your product is one of the most important decisions that you have to make as an entrepreneur. An appropriately priced product or service will surely bring in enough revenues to cover all your costs and give you enough income to grow and sustain your business.

The key in setting the appropriate price of your product or service is to fully understand the “pricing environment” of your health business. According to Elizabeth Wasserman in her article published in the Inc. online magazine(which can be accessed by following the link available in this end note t) here are five key factors to consider before you decide on what price tag you place on your product or service. These are excerpted below taken directly from Wassermann:

1. Know Your Customer

Undertaking some sort of market research is essential to getting to know your customer. This type of research can range from informal surveys of your existing customer base that you can send out in e-mail along with promotions, to the more extensive and potentially expensive research projects undertaken by third party consulting firms. Market research firms can explore your market and segment your potential customers very granularly -- by demographics, by what they buy, by whether they are price sensitive, etc. If you don't have a few thousand dollars to spend on market research, you might just look at consumers in terms of a few distinct groups -- the budget sensitive, the convenience centred, and those for whom status makes a difference. Then figure out which segment you are targeting and price accordingly.

2. Know Your Costs

A fundamental tenet of pricing is that you need to cover your costs and then factor in a profit. That means you have to know how much your product costs. You also have to understand how much you need to mark up the product and how many you need to sell to turn a profit. Remember that the cost of a product is more than the literal cost of the item; it also includes overhead costs. Overhead costs may include fixed costs like rent and variable costs like shipping or stocking fees. You must include these costs in your estimate of the real cost of your product.

Many businesses either do not factor in all their costs and under price or literally factor in all their costs and expect to make a profit with one product, and therefore overcharge. A good rule of thumb is to make a spread sheet of all the costs you need to cover every month, which might include the following:

- Your actual product costs, including labour and the costs of marketing and selling those products.
- All of the operating expenses necessary to own and operate the business.
- The costs associated with borrowing money (debt service costs).
- Your salary as the owner and/or manager of the business.
- A return on the capital you and any other owners or shareholders have invested.
- Capital for future expansion and replacement of fixed assets as they age.

List the dollar amount for each on your spreadsheet. The total should give you a good idea of the gross revenues you will need to generate to ensure you cover all those costs.

3. Know Your Revenue Target

You should also have a revenue target for how much of a profit you want your business to make. Take that revenue target, factor in your costs for producing, marketing, and selling your product and you can come up with a price per product that you want to charge. If you only have one product, this is a simple process. Estimate the number of units of that product you expect to sell over the next year. Then divide your revenue target by the number of units you expect to sell and you have the price at which you need to sell your product in order to achieve your revenue and profit goals.

If you have a number of different products, you need to allocate your overall revenue target by each product. Then do the same calculation to arrive at the price at which you need to sell each product in order to achieve your financial goals.

4. Know Your Competition

It is also helpful to look at the competition -- after all, your customer most likely will, too. Are the products offered comparable to yours? If so, you can use their pricing as an initial gauge. Then, look to see whether there is additional value in your product. Do you, for example, offer additional services with your product or are your goods of perceived higher quality? If so, you may be able to support a higher price. Be cautious about regional differences and always consider your costs.

It may even be worthwhile to prepare a head-to-head comparison of the price of your product(s) to your competitor's product(s). The key here is to compare net prices, not just the list (or published) price. This information could come from phone calls, secret shopping, published data, etc. Make notes during this process about how your company and products -- and the competition -- are perceived by the market. Be brutally honest in your evaluation.

5. Know Where the Market Is Headed

Clearly you cannot be a soothsayer, but you can keep track of outside factors that will impact the demand for your product in the future. These factors can range from something as simple as long-term weather patterns to laws that may impact future sales of your products. Also take into account your competitors and their actions. Will a competitor respond to your introduction of a new product on the market by engaging your business in a price war?

As you can deduce from the above excerpt, it is important for you to understand the operating details of your business in relation to the environment it exists. You cannot set prices blindly by merely looking at the competition.

Now let us take a look at two pricing methods: the value-based method and the cost-plus method.

1. **The value-based method takes into account the point-of-view of the customer.** It considers how much a customer puts value on a product or service he or she gets from your business. To illustrate, a patient in need of treatment will get a medication he or she believes is effective regardless of the cost involved. You may decide to offer the generic medication to a patient that appears less affluent, where as you may want to offer a branded medication at a higher price for wealthy clients. That means a health business can price its services based on that perceived "value" of its various clients. Note, however, that prices must not be set too high because of ethical and social considerations.
2. **The cost-plus method takes into account all the costs involved in selling a product or service.** There are two kinds of costs: overhead costs and operating or direct costs. For a pharmacy, the direct costs are those that are directly attributable to the medicines being retailed: cost of medicines bought from suppliers, wages of pharmacy sales staff, and packaging and labelling materials (such as bags and price

stickers). Overhead costs include supervision costs, electricity, water, rent, phone, advertising, depreciation of equipment, interest on loans (if any) and other items that cannot be directly attributed to a particular product. The “plus” is the margin that will be added to the total costs (i.e. direct + overhead expenses) of retailing the products or services being offered by the business to its target customers.

Let us illustrate the cost-plus method in the simple operation of an ultrasound diagnostic clinic offering an abdominal scan for pregnant women:

Pricing considerations:				
1	Rated capacity of ultrasound	16	patient	day
2	Projected actual number of patients	10	patient	day
3	Days in operation per month	24	days	
4	Staff salaries and benefits			
	<i>Ultrasound operator</i>	300	PhP	day
	<i>Receptionist-supervisor</i>	250	PhP	day
	<i>Supervisor-cashier</i>	350	PhP	day
	<i>Reader (doctor)</i>	100	PhP	patient
5	Competitor's price	500	Php	patient
6	Supplies (tissue, gel, form)	20	PhP	patient
7	Cost of UTZ equipment + aircon + furniture	1.5M	Php	at 5 years economic life
8	No renovation cost	0	Php	

Cost (overhead: not directly attributable to the service offered to each patient and direct costs)

	Per month No	No	Unit	Total
a. Salaries and benefits of staff				
Ultrasound Operator	PhP300.00	24	days	PhP7,200
Receptionist	PhP250.00	24	days	PhP6,000
Supervisor-cashier	PhP350.00	24	days	PhP8,400
Reader (doctor)	PhP100.00	240	patient/ month	PhP24,000
Sub total Salaries and benefits of staff				PhP45,600
b. Utilities				
Electricity	PhP5,000.00	1	month	PhP5,000
Water	PhP300.00	1	month	PhP300
Phone (with internet)	PhP2,000.00	1	month	PhP2,000
Sub total Utilities				PhP7,300
c. Rent	PhP10,000.00	1	month	PhP10,000
d. Advertising (straight line method)	PhP300.00	1	month	PhP300
e. Depreciation	PhP22,500.00	1	month	PhP22,500
f. Permits, licenses, insurance	PhP3,000.00	1	month	PhP3,000
g. Miscellaneous	PhP500.00	1	month	PhP500
h. Supplies	PhP20.00	240.0	patient/ month	PhP4,800
Total Overhead costs				PhP94,000

In the above illustration you will note that the cost of service is PHP 391.70, which is lower than the competitor's price of PHP 500 per patient (abdominal procedure). Assuming that the owner has set a business policy that it will not compete on price (so as not to trigger a price war), that means the clinic can only charge an amount at par or higher than the competitor. The minimum mark-up or the "plus" will then amount to only PHP 108.3 (derived from PHP 500-391.70) per patient, or a total mark-up of PHP 1,083 for ten patients served per day.

Note further that only ten patients were assumed to be served per day versus the rated capacity of 16 patients per day. That means that the clinic's room for growth is six patients per day. And talking about growth, the ultrasound clinic can also offer other ultrasound services aside from abdominal procedure.



Activity 2.9

Now that you have learned about pricing considerations and methods, prepare a cost and price analysis of your proposed business following the cost-plus method. You need to adapt the example, which is a simple ultrasound clinic, to your type of health business.



Additional reading:

- 1) Price your product or service. www.infoentrepreneurs.org/en/guides/price-your-product-or-service/
- 2) How to price your products. www.inc.com/guides/price-your-products.html
- 3) Ten questions to ask when pricing your product. www.entrepreneur.com/article/227083



Knowledge review – Step 8

- 1) According to Elizabeth Wasserman, there are five key factors in establishing the price of your business' products or services' prices: The knowledge of the customers, the knowledge of the costs, the knowledge of the revenue target, the _____ and the knowledge of where the market is heading. Choose the appropriate answer.
 - a) The knowledge of appropriate regulations
 - b) The knowledge of competition
 - c) The knowledge of the suppliers
 - d) All of the above
 - e) None of the above

- 2) What are the two most common costing methods for a business?
 - a) The value-based method
 - b) The cost plus method
 - c) The most favourable supplier method
 - d) The long term method
 - e) b and c
 - f) a and b
 - g) a, b and c
 - h) none of the above

- 3) What are the three basic characteristics that may inform a business owner on the type of customer he or she wants to attract? Choose the appropriate answer.
 - a) The budget sensitive customer
 - b) The gender of the customer
 - c) The convenience centred customer
 - d) The age of the customer
 - e) The status sensitive customer
 - f) b and d
 - g) a and b
 - h) b and c
 - i) a, c, e
 - j) none of the above

- 4) What else should a business owner factor in, in establishing the cost of his or her products or services? The real cost of a product or services and _____. Choose the appropriate answer.
- a) Overhead costs
 - b) Marketing costs
 - c) Staff costs
 - d) All of the above
 - e) None of the above
- 5) Staff costs are included in the overhead costs of a business. Choose the appropriate answer
- a) True
 - b) False

Step 9



Launch and Operate Your Business



Estimated time: 15 minutes

Congratulations! You have already developed a business model, chose your location, raised the necessary capital, built your facility, formulated you SOPs or systems/policies/procedures, recruited your personnel, secured your permits and licences, and have set the appropriate price for your products or services.

Now you are ready to launch and eventually operate your health business. But why is it important to officially launch a business when it will incur additional costs? Well, you will formally launch for three reasons:

- 1) It supports your marketing strategy by inviting target key influential people to the launch event, thereby generating goodwill;
- 2) It signals to the community/locale that you really mean business; and
- 3) It celebrates a major milestone in your life as a health entrepreneur.

So how will one successfully launch his or her health business? Below are some tips:

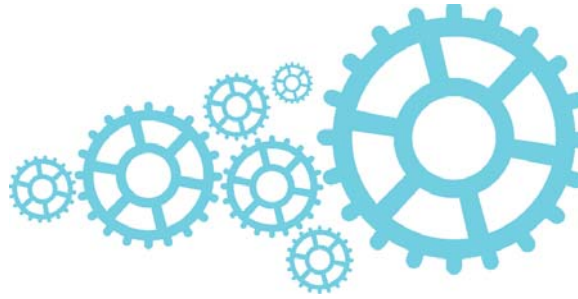
- 1) **Set a date that is related to your business and a time that is convenient to your guests and target audience.** If you are targeting women then you can set on a month or date that is significant to them. Make sure that it will not conflict with other events in your area. Target for maximum exposure.
- 2) **Make a guest list.** Invite personalities that can give credence to your business and who can endorse what you offer to your target customers. Best if you can also invite guests who can personify or represent your target market.
- 3) **Hire an event organizer.** This will spare you from a lot of trouble during the event. You want to look your best in your business launch, remember?



Knowledge Review – Step 9

- 1) A formal launching of a business is a waste of money and time. Choose the appropriate answer.
 - a) True
 - b) False

- 2) What is/are potentially valid reasons to organize a formal business launch?
 - a) It is an opportunity to drink alcohol in public
 - b) It signals to the community/locale that the business owner is serious
 - c) It supports the business' marketing strategy
 - d) a and b
 - e) a and c
 - f) b and c
 - g) It is an opportunity to show off to your friends
 - h) None of the above – one should not organize a public launch



Wrap Up

The entire module 2 above generated a simple business start-up plan, which can be refined to come up with a full-blown business plan.

The start-up plan covers the following:

- 1) Business Model
- 2) Proposed Location
- 3) Amount and Source/s of Capital
- 4) Design and Features of the Business Facility
- 5) Business Systems, Policies and Procedures
- 6) Personnel Requirements
- 7) Permits and Licenses
- 8) Pricing
- 9) Launching and Operational Requirements

Congratulations! You just went through a comprehensive decision-making process on how best to turn your business idea into a reality. Now it is clear not only in your mind but in paper as well the essential points that you need to think about, look for, and set in place to pursue your entrepreneurial dream. Go forth and pursue your entrepreneurial vision. Like any endeavour, you will encounter both ups and downs. But you simply have to focus on your passion, be pragmatic and take calculated risks. As they say, challenges are in fact opportunities in disguise. We then wish you all the best in your journey to do good, and do well, in the health sector.

If after going through modules 1 and 2 of this entrepreneurial skills training you think you would benefit from engaging and discussing your business plan further, we recommend that you get in touch with the various organizations whose name and contact information are provided on the National Reintegration Center for OFWs'

website and the particular pages dedicated to this training on entrepreneurship skills for health professionals.

Finally, you can once more consult the below additional reading to deepen your business idea and business plan.



Additional reading:

- 1) Free sample health-care business plans. www.bplans.com/medical_and_health_care_business_plan_templates.php
- 2) Sample business plan of a discount pharmacy. www.bplans.com/pharmacy_business_plan/executive_summary_fc.php
- 3) Successfully start a business. www.youtube.com/watch?v=3OhgivN9YQY
- 4) Follow these links to get full guidance on how to write a full-blown business plan here. www.startupdonut.co.uk/startup/business-planning/writing-a-business-plan And www.inc.com/guides/write-a-great-business-plan.html And www.entrepreneur.com/article/223814



Knowledge Review – Solution

Module 1	Session 1	Question 1 : a
		Question 2 : b
		Question 3 : b
		Question 4 : b
		Question 5 : e
		Question 6 : b
		Question 7 : c
		Question 8 : a
		Question 9 : b
		Question 10 : b
	Session 2	Question 1 : b
		Question 2 : a
		Question 3 : c
		Question 4 : c
		Question 5 : b
		Question 6 : d
		Question 7 : c
		Question 8 : b
		Question 9 : a
		Question 10 : c
	Session 3	Question 1 : e
		Question 2 : a
		Question 3 : h
		Question 4 : c

		Question 5 : b
		Question 6 : a
		Question 7 : b
		Question 8 : b
		Question 9 : b
		Question 10 : b
Module 2		
	Step 1	Question 1 : a
		Question 2 : c
		Question 3 : 9
	Step 2	Question 4 : a
		Question 1 : b
		Question 2 : a
		Question 3 : f
		Question 4 : b
		Question 5 : i
	Step 3	Question 1 : b
		Question 2 : i
		Question 3 : b
		Question 4 : a
		Question 5 : b
	Step 4	Question 1 : c
		Question 2 : b
		Question 3 : d
		Question 4 : b
		Question 5 : b

	Step 5	Question 1 : b
		Question 2 : c
		Question 3 : c
		Question 4 : a
		Question 5 : b
	Step 6	Question 1 : b
		Question 2 : c
		Question 3 : c
		Question 4 : a
		Question 5 :
	Step 7	Question 1 : a
		Question 2 : e
		Question 3 : a
		Question 4 : c
		Question 5 : b
	Step 8	Question 1 : b
		Question 2 : f
		Question 3 : i
		Question 4 : a
		Question 5 : b
Step 9	Question 1 : b	
	Question 2 : f	

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End Note

The following end notes provide the essential supplement reading material associated with the information provided in the entrepreneurship skills training course for health professional presented in the previous pages. Each of the following website refers to a particular aspect discussed in the above training programme. At the time of printing this booklet, each website was up to date, but as information change, we hope that the following links will remain updated.

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