



SHOPS Project Private Sector Health Glossary

(<http://www.shopsproject.org/resource-center/glossary>)

The following are definitions of common private health sector terms you may find frequently in the materials obtained from this resource center:

Private health sector

The private health sector is a large and diverse community comprising both for-profit and not-for-profit entities that lie outside the public health sector. The private sector covers a wide range of health sector entities, including individual private practitioners, clinics, hospitals, and laboratories and diagnostic facilities; nongovernmental organizations (NGOs); faith-based organizations; shop keepers and traditional healers; pharmacies; and pharmaceutical wholesalers, distributors, and manufacturers.

Commercial sector

The commercial sector is a subset of the private health sector and is synonymous with for-profit entities. The commercial sector is used to distinguish for-profit from not-for-profit entities.

For-profit

A for-profit healthcare company can earn a profit, which is defined as revenues in excess of expenses. A for-profit healthcare organization has wide discretion on how to spend its profit. This distinguishes it from a not-for-profit corporation, which can only spend profits on the purpose for which it was formed.

Franchise

A franchise is a commercial mechanism for replicating a successful business strategy. Key components generally include a common business format, a branded identity, and quality assurance system. A franchise is a business arrangement whereby a franchisor develops a system of conducting an activity and provides franchisees with the “know-how” to conduct the activity. A franchise operation offers additional benefits, ranging from a defined and exclusive territory and the use of a common name to a full-fledged operational structure with centralized management services such as advertising, financial accounting, marketing, and procurement. In the case of healthcare service providers in a clinic franchise system, a network of private practitioners offers a uniform set of services at a predefined cost and standard of care.

Market segmentation

Market segmentation is the process of dividing diverse populations into smaller subgroups that are similar in characteristics, needs, and likely responses to marketing or service delivery efforts.

Nongovernmental organization (NGO)

An NGO is an organization or institution that is entirely or largely independent of the government. Although an NGO can technically be a for-profit organization, the term is generally used to describe an organization whose primary goal is social and supports a public good.

Not-for-profit

A not-for-profit healthcare provider does not have profit maximization as a goal. Instead, it uses all revenues available after normal operating expenses to accomplish its purpose. Not-for-profits in healthcare are typically NGOs, community- and faith-based organizations, or other charitable organizations.

Private provider networks

Networks are an affiliation of health service providers grouped together under an umbrella structure or parent organization. Networks may be organized according to a variety of arrangements. The details of the arrangements vary widely but often include monitoring by a parent organization and members' commitment to standards, quality, a given service mix, and prices. Private provider networks include professional associations as well as franchises.

Public/private partnership

A public/private partnership is any explicit joint program or project involving public and private collaboration to provide health services and products. Such partnerships can take the form of public sector subsidies to the private sector. In addition, public sector government or development agencies can also contract with private service providers or producers and distributors of products and commodities. Typical public/private partnership activities include social marketing; direct provision of healthcare; or any collaborative activities to improve the quality, outreach, and coverage of health services and products.

Social franchise

A social franchise is a type of network that uses some of the same principles and practices of a commercial franchise; however, its main goal is to achieve social objectives. Social franchises typically receive funds from government or international donors to subsidize the cost of providing services to a broad population at prices they can afford.

Social marketing

Social marketing is the use of commercial marketing techniques to achieve a social objective. Social marketers combine product, price, place, and promotion to maximize product use by specific population groups. In the health arena, social marketing programs in the developing world traditionally have focused on increasing the availability and use of health products, such as contraceptives or insecticide-treated nets. Different models of social marketing have been used in developing countries with varying levels of donor funding. While some of the models rely heavily on donor support, others include built-in exit strategies that depend on the commercial sector to ensure sustained product supply.

Total market approach (TMA)

A total market approach brings together all parties interested in providing reproductive health/family planning and other health services. TMA emphasizes equity and growth of the whole reproductive health/family planning market by ensuring delivery of high-quality products and services in a range of prices aimed at specific populations, determined through market segmentation. In addition to stimulating supply, TMA focuses on generating demand among underserved population groups through various social marketing and communication approaches.

If you have other definitions you think would be useful for this glossary, please feel free to send them to us at info@shopsproject.org.