

**American College of Healthcare Executives
Omaha, Nebraska**

**Strategic Planning:
From Formulation to Action**

October 21, 2015

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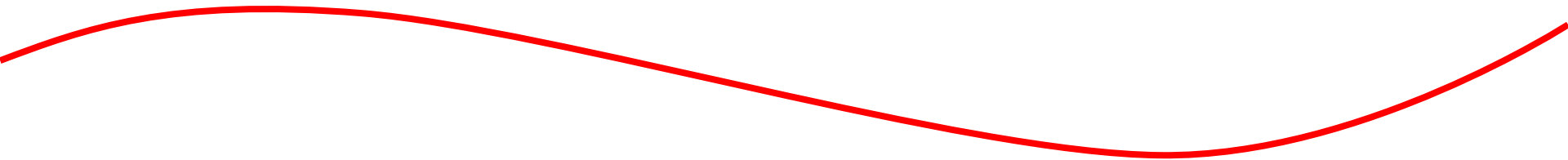
Session Objectives

Learn how to:

- Identify the value of and build support for ongoing strategic planning
- Organize and carry out an effective strategic planning process
- Develop strategies and plans to address the most critical issues
- Move rapidly from planning to implementation

Agenda

- | | |
|--|-------------------|
| I. Organizing for Successful Strategic Planning | 10:30AM - 11:30AM |
| II. Completing the Environmental Assessment | 11:30AM - 12:30PM |
| Lunch | 12:30PM - 1:00PM |
| III. Developing a Direction for the Future | 1:00PM - 2:30PM |
| IV. Formulating Key Strategies | 2:30PM - 3:45PM |
| Break | 3:45PM - 4:00PM |
| V. Transitioning from Planning to Action | 4:00PM - 4:20PM |
| VI. Ensuring Effective Participation in the Planning Process | 4:20PM - 4:45PM |
| VII. A Look to the Future | 4:45PM - 5:00PM |



Organizing for Successful Strategic Planning

**What is
Strategic
Planning?**

**Why Begin a
Strategic
Planning
Process?**



Strategic Planning

What?

Sets priorities

Resource allocation choices

Road map

Controls future

Both process and plan

Why?

Environmental changes

Major organizational change

Increasingly part of ongoing management

Realize financial improvement and other tangible benefits

Gain commitment to direction/ priorities and coordinate subsequent actions

Planning Definitions

Strategic Planning

Multiple year time frame

30,000-foot view

What businesses to be in

Growth and profitability targets

Products/markets strategy

Operational Planning

Yearly tactics

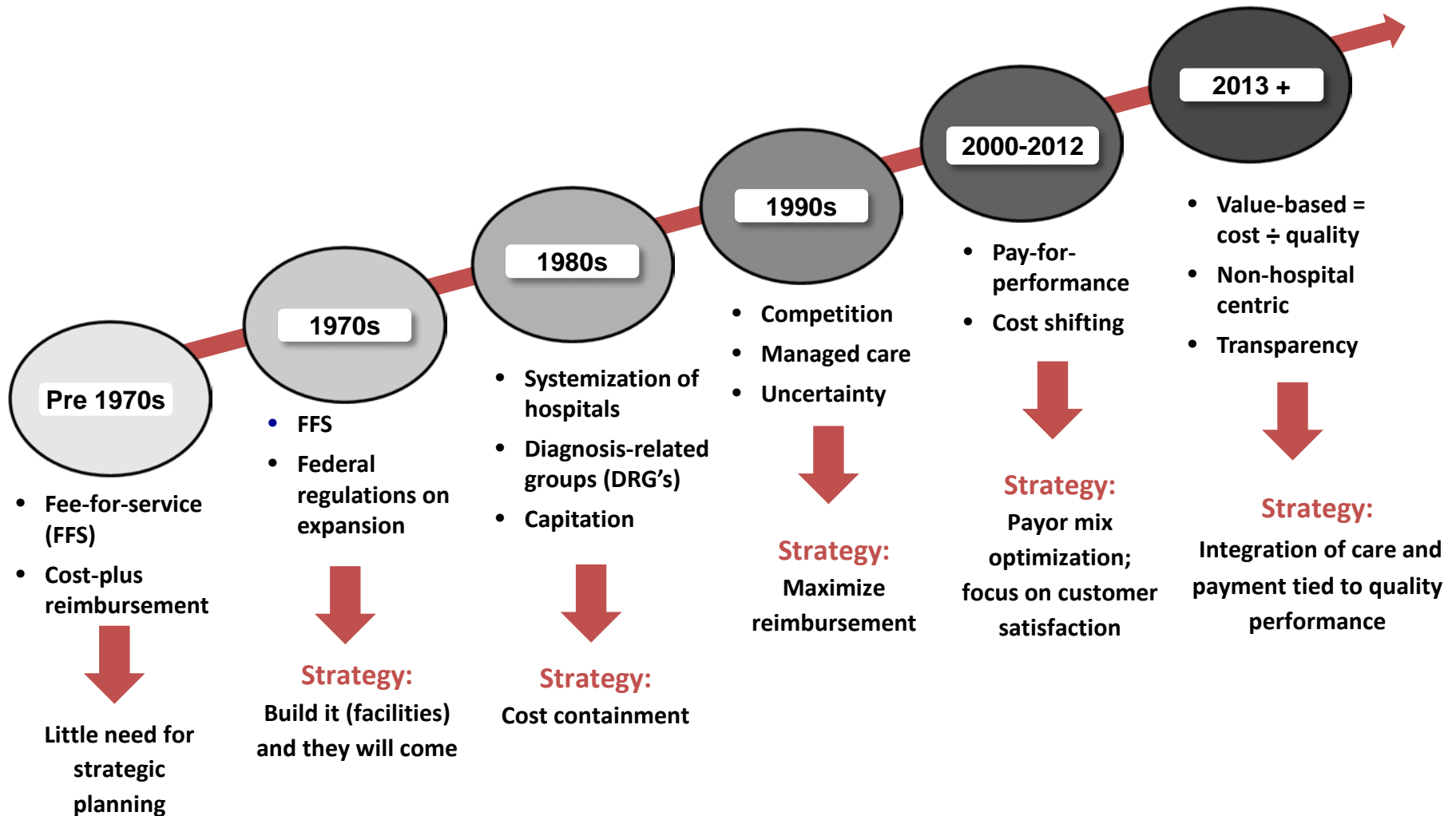
Forecasts: revenue, profit, cash flow

FTE plans

Operating budget

Project plans

Evolving Focus of Health Care Strategic Planning

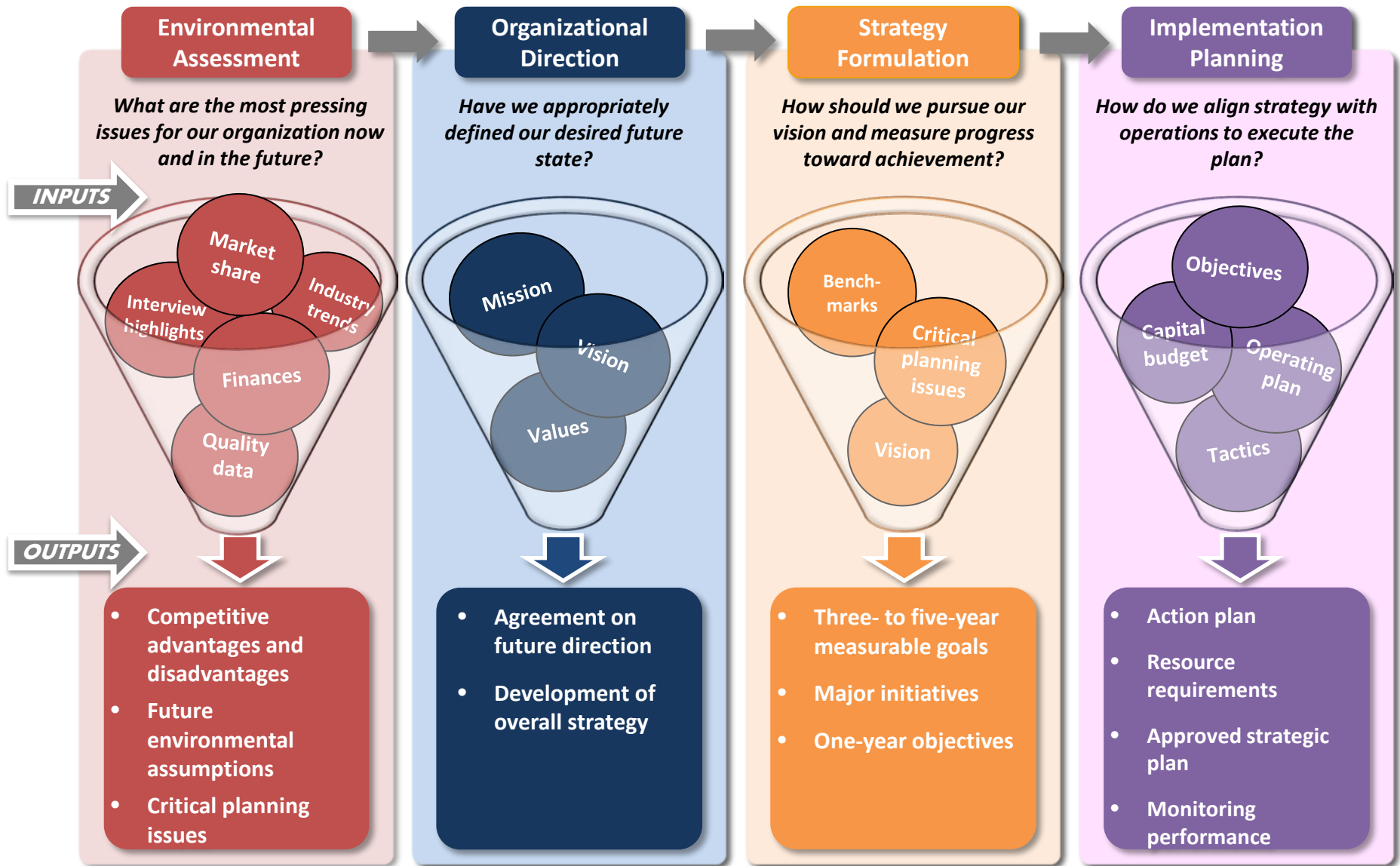


Organizing for Successful Strategic Planning: 12 Critical Steps

1. Identify and communicate strategic planning objectives
2. Describe and communicate the planning process
3. Assert CEO leadership of strategic planning
4. Define and communicate roles and responsibilities of other organization leadership
5. Identify the strategic planning facilitator
6. Plan and communicate strategic planning schedule
7. Assemble relevant historical data
8. Resolve not to overanalyze historical data
9. Review past strategies and identify successes and failures
10. Conduct strategic planning orientation meeting
11. Prepare to stimulate “new thinking”
12. Reinforce future orientation



Inputs and Outputs of a Strategic Plan



Potential Schedule for Strategic Planning Activities and Meetings

Major Activities		MONTHS												
		1			2			3			4			
Project Initiation		[Red bar spanning months 1-3]												
I.	Environmental Assessment	[Red bar spanning months 1-4]												
II.	Organizational Direction	[Red bar spanning months 2-5]												
III.	Strategy Formulation	[Red bar spanning months 3-6]												
IV.	Implementation Planning	[Red bar spanning months 4-7]												
Work Group Calls														
Steering Committee Meetings														

Typical Problems with Strategic Planning



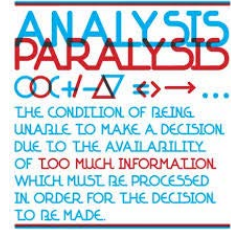
Failing to involve the appropriate people in the process



Conducting strategic planning independently of financial planning



Lack of flexibility and responsiveness to the dynamic environment



Falling prey to paralysis of analysis



Not addressing the critical issues



Assuming that once objectives are established they will take care of themselves



Failing to develop consensus



Resistance to change

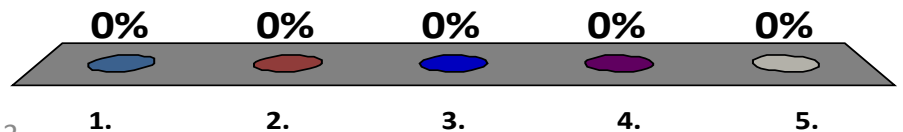
What individuals/groups are likely to be the most resistant to the required changes?

Organizational Change



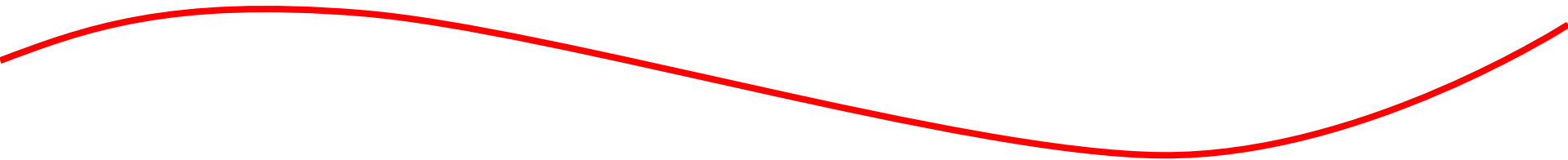
Rate the degree of change that is required for your organization to succeed in its strategic plan (1 – 5, with 5 being the greatest)

1. No change
2. A small degree of change
3. A moderate degree of change
4. A good degree of change
5. A great degree of change



Discussion Questions

- What are the advantages and disadvantages of “top-down” versus “bottom-up” strategic planning? Which approach is best suited to health care? Why?
- In general, what should be the roles of the board versus management in strategic planning?

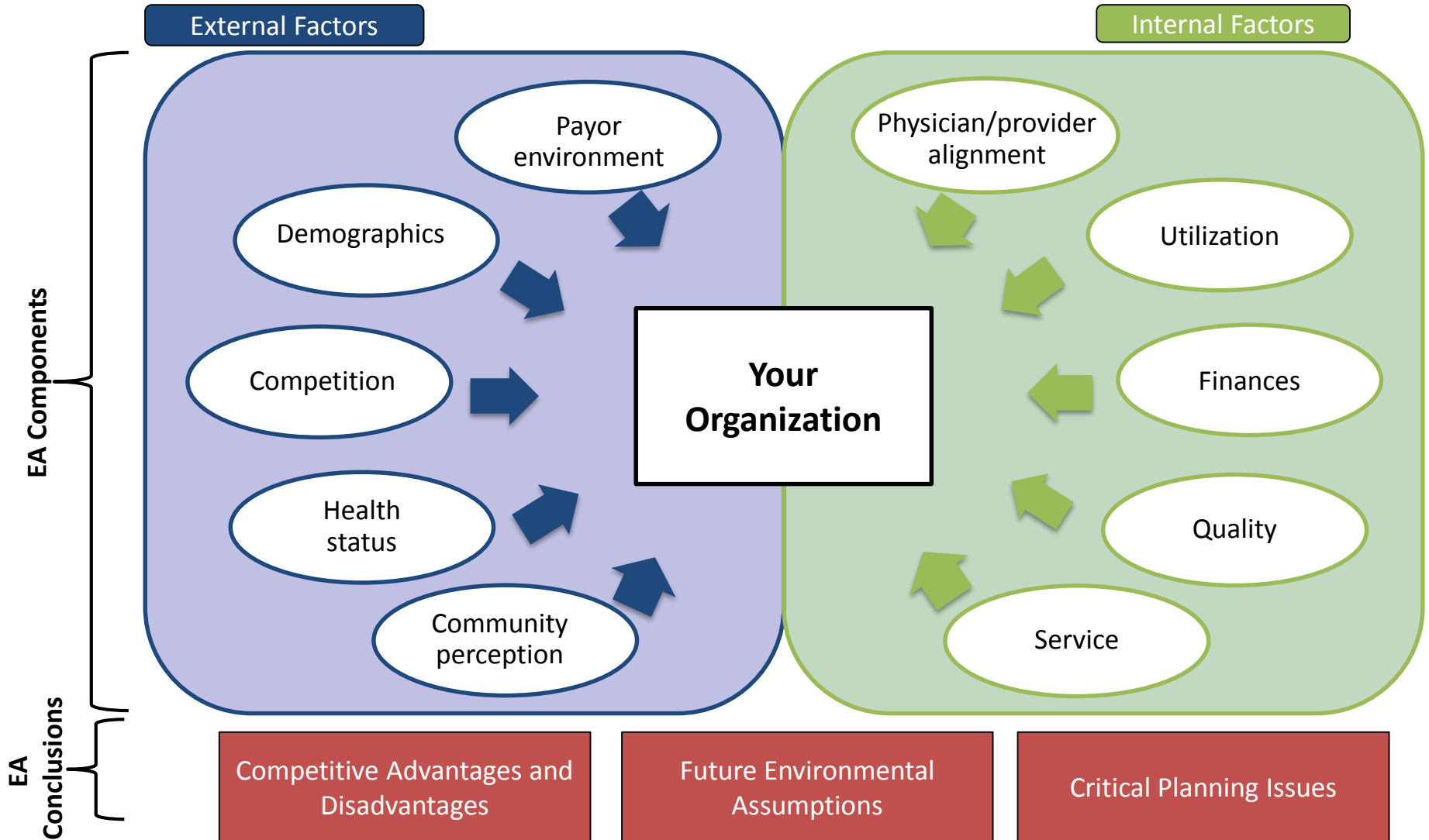


Completing the Environmental Assessment

Purpose of Environmental Assessment

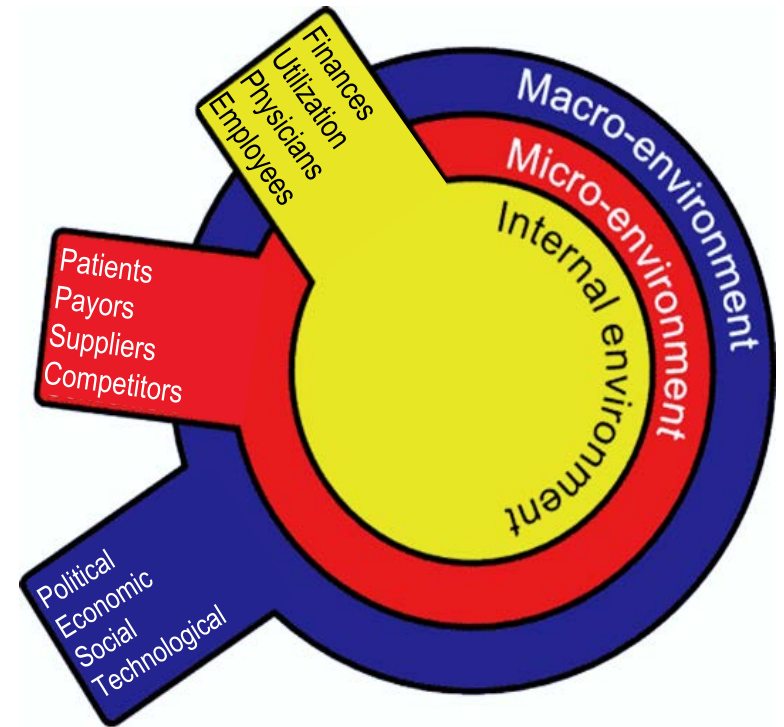
- Understand past successes and failures; what has worked, what has not, and why
- Allows trustees and others less knowledgeable about the organization to obtain a solid grounding for constructive involvement in process
- Helps determine what factors are subject to the organization's control/influence
- Identifies how external forces might affect the organization in the future

Assessing Your Organization's Current Environment



Desired Characteristics of an Environmental Assessment

- External orientation
- Broad and insightful competitive analysis
- Focused analysis at operating unit level in large organizations
- Product: graphically-oriented summary highlighting key findings



Environmental Assessment Example: Physician Alignment

	1	2	3	4	5	6	7	8	9	"System A" Rating
	TRADITIONAL			TRANSITIONAL			EVOLVED			
Clinical alignment	<ul style="list-style-type: none"> High levels of autonomy and variability Volume-based 			<ul style="list-style-type: none"> Emphasis on continuity of services Focus on minimizing variability 			<ul style="list-style-type: none"> Accountable for the continuum of care and standardization of care 			4
Economic payment/alignment	<ul style="list-style-type: none"> Little risk sharing On-call contracts 			<ul style="list-style-type: none"> Integrated P4P Service-specific joint ventures 			<ul style="list-style-type: none"> High level of risk-sharing and shared contracting Fully value-based 			2
Physician leadership/governance	<ul style="list-style-type: none"> Department/program leaders are elected volunteers Medical directorship 			<ul style="list-style-type: none"> Some clinical co-management of services 			<ul style="list-style-type: none"> Physician executives in highest roles in the organization 			6
Operational integration	<ul style="list-style-type: none"> PHO/MSO structures provide support Some IT connectivity 			<ul style="list-style-type: none"> Clinically-focused EMR Shared service arrangements 			<ul style="list-style-type: none"> Fully integrated EMR (financial and clinical) 			4
Care coordination/accountability	<ul style="list-style-type: none"> Punitive approach Episodic FFS medicine 			<ul style="list-style-type: none"> Expectations are clearly set and compliance is incentivized 			<ul style="list-style-type: none"> Implied and jointly held expectations from system and peers/global risk 			3
Primary care alignment	<ul style="list-style-type: none"> <20% PCPs Few (<20%) PCPs employed 			<ul style="list-style-type: none"> 20-35% PCPs 20-40% of PCPs employed 			<ul style="list-style-type: none"> >35% PCPs >40% of PCPs employed 			2

Conclusion: "System A" has successfully incorporated physicians into its leadership structure; however, it lags competitors in terms of primary care alignment and economic relationships with physicians

Strategic planning tip: Always provide a clear conclusion with any analysis

Environmental Assessment Example: SNF Quality Rating

Select CMS quality ratings (lower % is better)	"SNF A"	Competitor SNF #1	Competitor SNF #2	Competitor SNF #3	State Average
Percent of long-stay residents experiencing one or more falls with major injury.	5.1%	3.0%	0.5%	9.2%	3.0%
Percent of long-stay residents with a urinary tract infection.	2.3%	5.0%	5.2%	10.4%	6.2%
Percent of long-stay residents who self-report moderate to severe pain.	6.0%	5.9%	3.8%	6.3%	6.1%
Percent of long-stay residents whose need for help with daily activities has increased.	10.2%	15.0%	9.0%	22.3%	13.7%
Percent of long-stay residents who lose too much weight.	7.3%	7.6%	4.2%	7.8%	6.6%

Better than average

Average

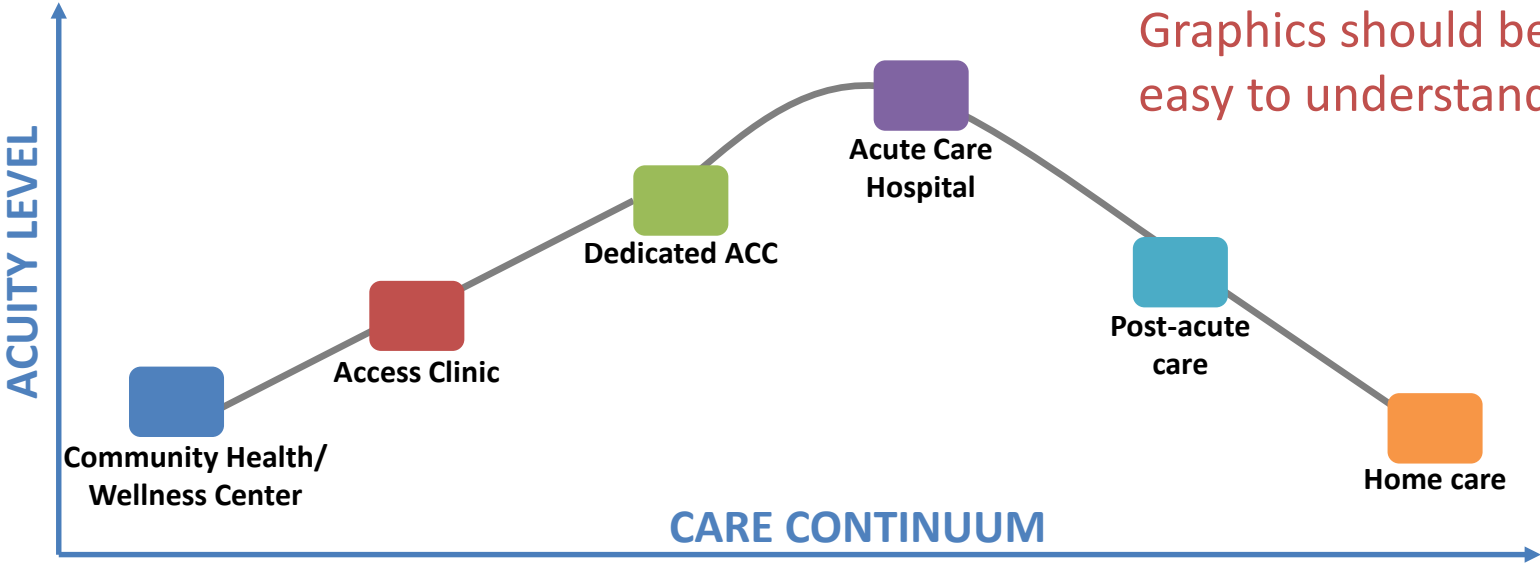
Worse than average

Conclusion: "SNF A" has variable performance on CMS quality measures and is not differentiated from its competitors in terms of quality of care

Strategic planning tip: If statistics are necessary, provide a visual way to easily distinguish the information

Environmental Assessment Example: Clinical Portfolio

Strategic planning tip:
Graphics should be easy to understand



“System A” Capabilities	None	None	Limited to acute care campuses	Hospital A Hospital B Hospital C	SNF A SNF B Hospice A	Home care A
Rest of Market	+	●	++	++	+	+

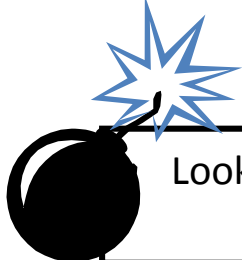
● Minimal/no services available + Some services available ++ Services readily available

Conclusion: “System A” has fallen far behind the rest of the market in community-based ambulatory care, but is well positioned in post-acute and home care


Process for Stakeholder Input During the Environmental Assessment

Process	Purpose	Potential Interviewees
Internal interviews	<ul style="list-style-type: none"> To elicit input about current and future performance and position 	<ul style="list-style-type: none"> Board members Physicians and physician leaders Senior leadership Service-line leaders
External interviews	<ul style="list-style-type: none"> To identify local/regional trends likely to impact the organization To gauge perception of the organization's current and future role in the community 	<ul style="list-style-type: none"> Area-competitor CEOs Major payor representatives Political representatives Representatives from chamber of commerce or community foundations Representatives from other community or public health (e.g., county health department)
Internet-based survey	<ul style="list-style-type: none"> To get input from a larger stakeholder base To identify organizational or cultural barriers to change 	<ul style="list-style-type: none"> Physicians Nurses Other clinicians Managers Other staff


Common Pitfalls of the Environmental Assessment



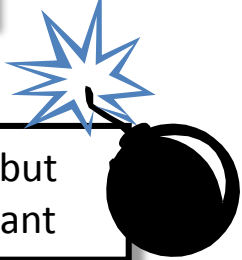
Looking at data
in silos




Internally
focused



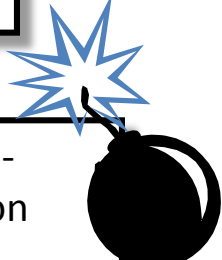
Paralysis of
analysis



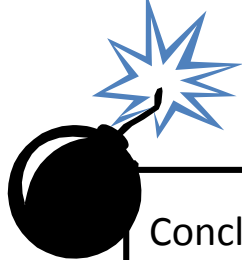
Interesting but
not important



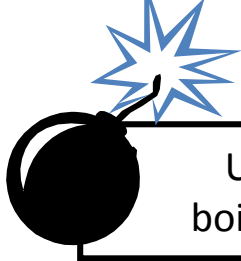
Unclear
graphics



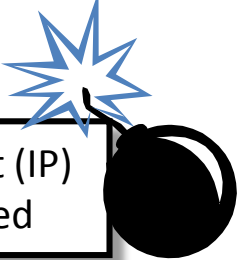
Data rich -
Information
poor



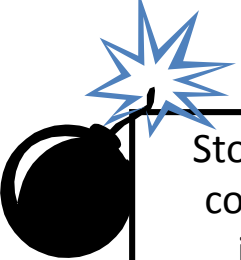
Conclusions based
on perceptions



Use of
boilerplate



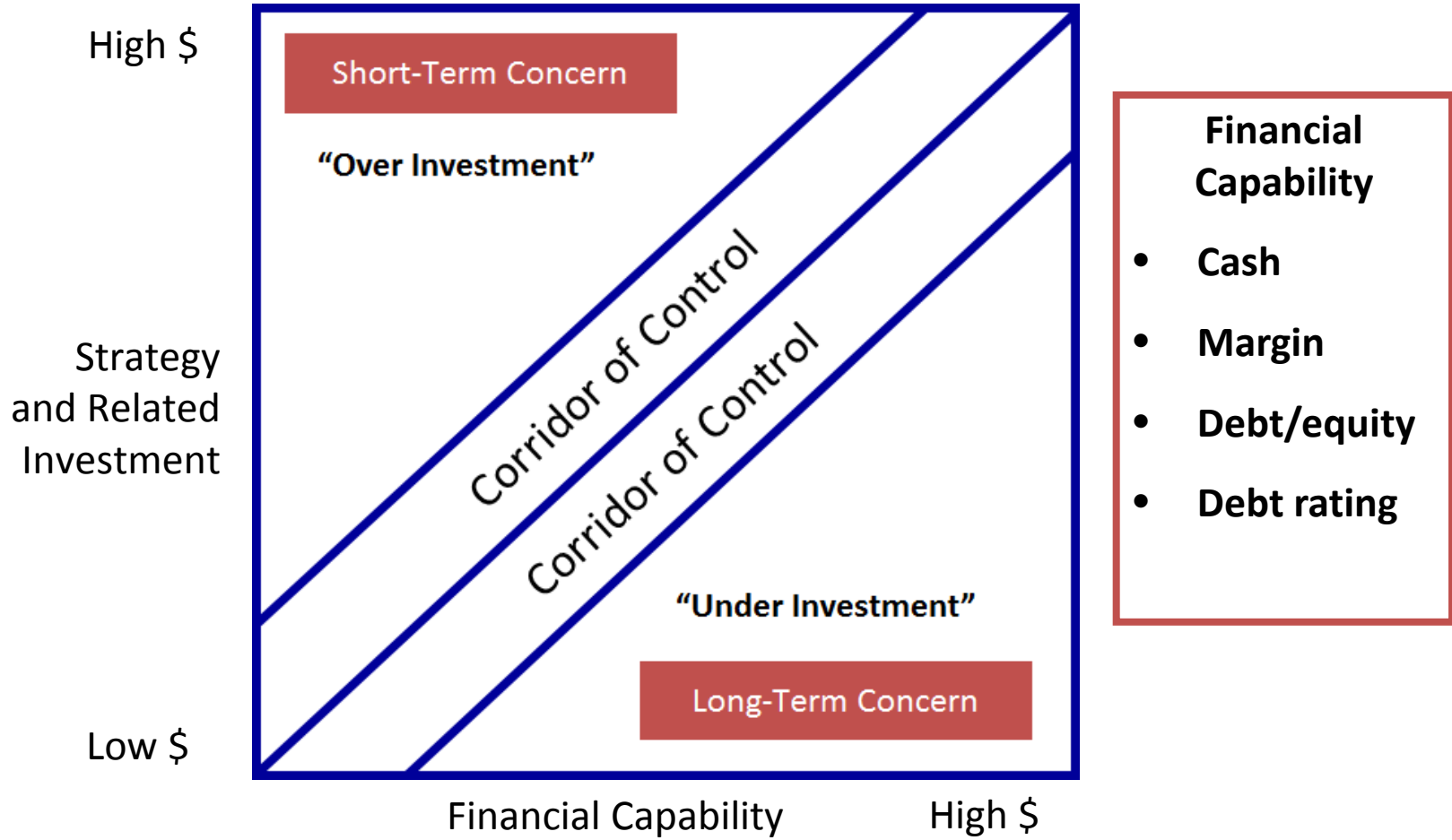
Inpatient (IP)
oriented



Stopping short of
conclusions and
implications

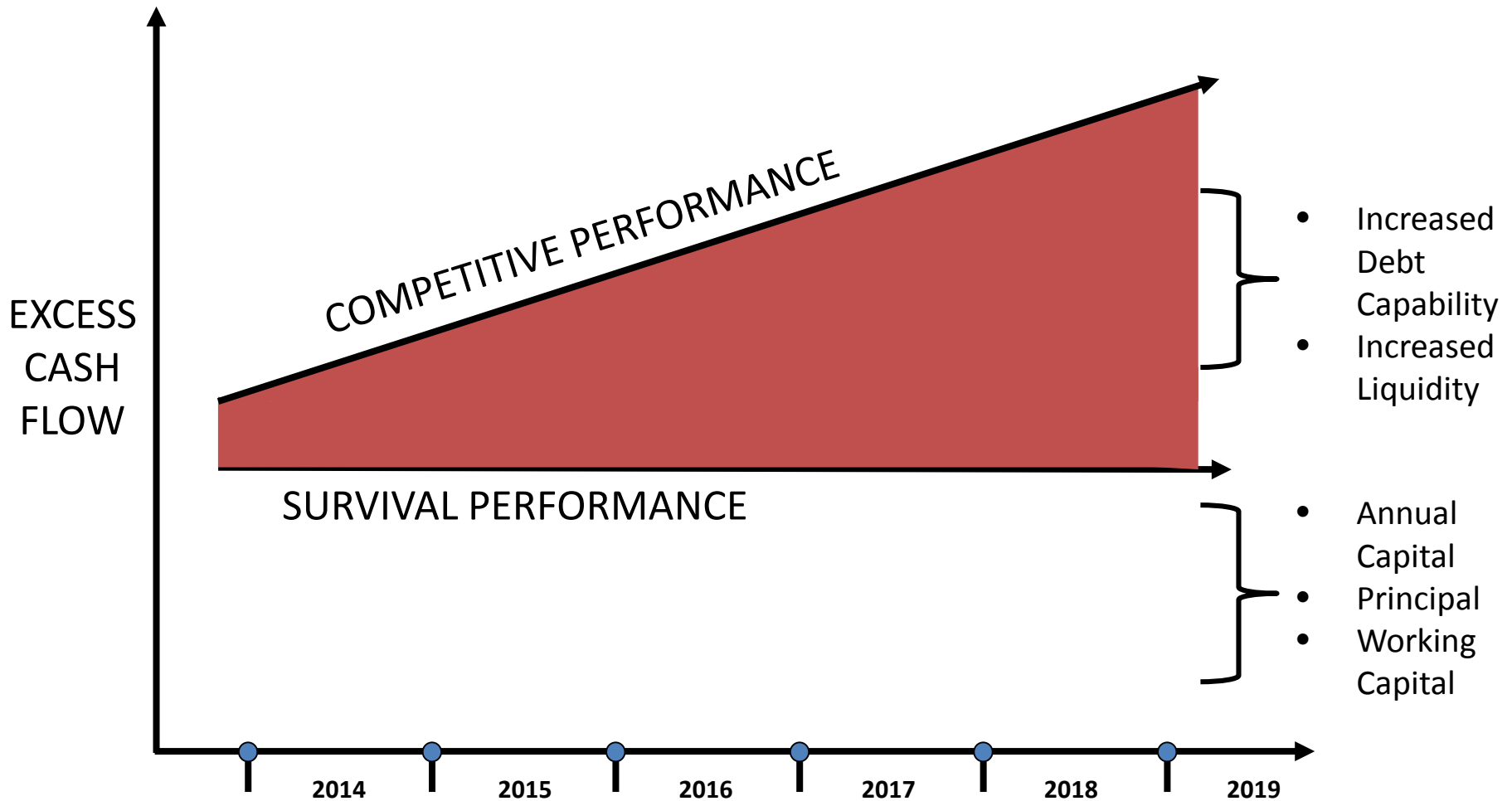


Balancing Strategic and Financial Concerns



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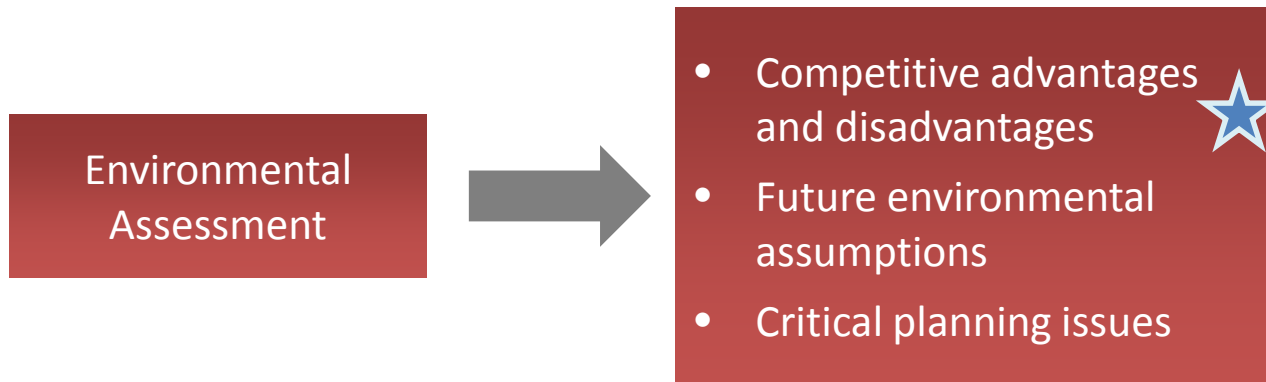
Strategic Financial Planning Goal



Source: Copyright 2012. Kaufman, Hall & Associates, Inc. All rights reserved.

Environmental Assessment Outputs: Competitive Advantages and Disadvantages

- First of three main outputs of environmental assessment
- A succinct and honest appraisal of organization's position in the market
- Strengths, weaknesses, opportunities, and threats (SWOT) analysis provides useful input
- Categories covered include the most critical internal and external factors reviewed in the environmental assessment



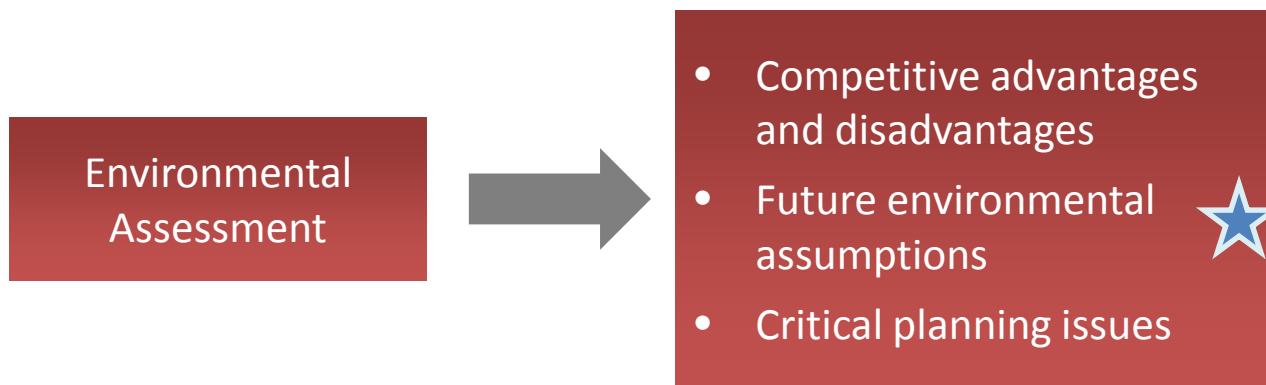
Environmental Assessment Outputs: Competitive Differentiation Analysis – EXAMPLE

Areas of Differentiation	Our Organization	Competitor A	Competitor B
Financial position	●	⊙	⊙
Value-based care	●	⊙	○
Market share	●	⊙	⊙
Consumer perception	⊙	●	⊙
Full continuum of care	●	⊙	○
Academics	○	⊙	●
Physician alignment	⊙	●	●
Clinical integration	⊙	○	○
Signature programs	○	●	●

Symbol	Description
●	Primary strength/source of competitive advantage
⊙	Present, but not primary or powerful source of competitive advantage
○	Not a source of differentiation; relative competitive disadvantage

Environmental Assessment Outputs: Future Environmental Assumptions

- Second of three main outputs of environmental assessment
- Assumptions about the future, three-to-five years
- Consider local, regional, and national perspective
- May be developed through individual and group analysis/discussion
- Scenario analysis is a useful tool



Environmental Assessment: Critical Success Factors Under Health Care Reform – Example



Experience/
evidence in
your market?

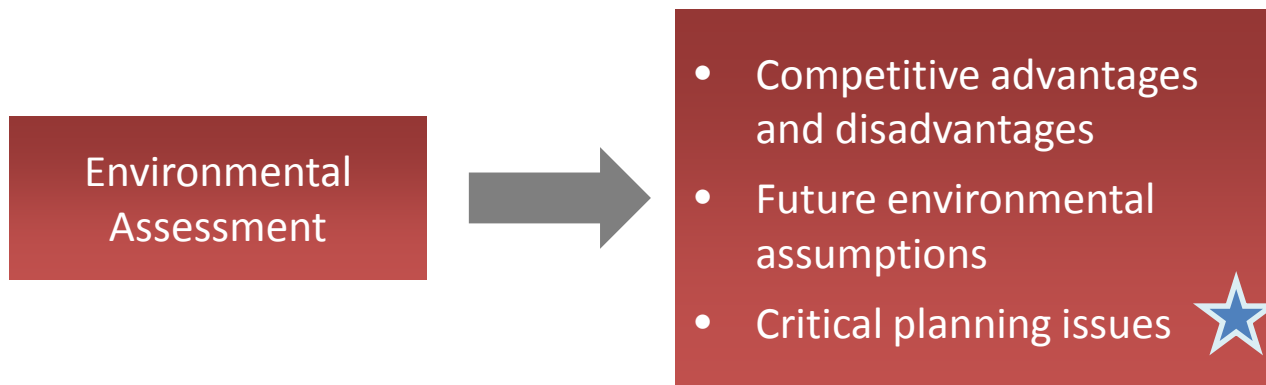


Implications for
your
organization?



Environmental Assessment Outputs: Identification of Critical Planning Issues

- Final major output of environmental assessment
- Takes into consideration all of the above, especially competitive advantages/disadvantages and future conditions
- Critical = major/most significant; may need to further refine/reduce list later



What is a Critical Issue?

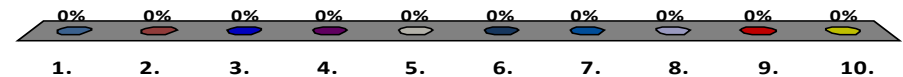
- Central to the achievement of the vision
- High-impact area
- Cannot be addressed easily or resolved near-term
- Should be about five issues in most organizations and certainly no more than 10
- There will often be many other important issues that should be addressed, but through a different mechanism
- Remember:
 - A central concept in strategic planning is making choices among competing alternatives to maximize value of limited resources available
 - Focus!!!



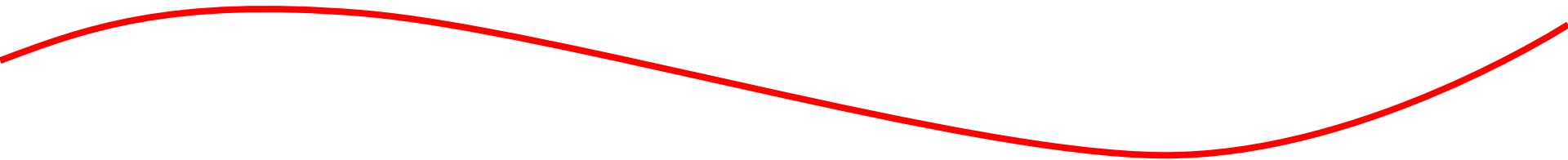
Future Environmental Factors Exercise

Select the THREE factors you believe will have the most significant impact on health care delivery over the next three to five years

1. The economy
2. Cost control/capital access
3. Aging population
4. Technological advances
5. Pharmaceutical advances
6. Labor shortages
7. Reimbursement
8. Consumerism
9. Government regulation/reform
10. Something not on this list (press 0 to select something not on this list)

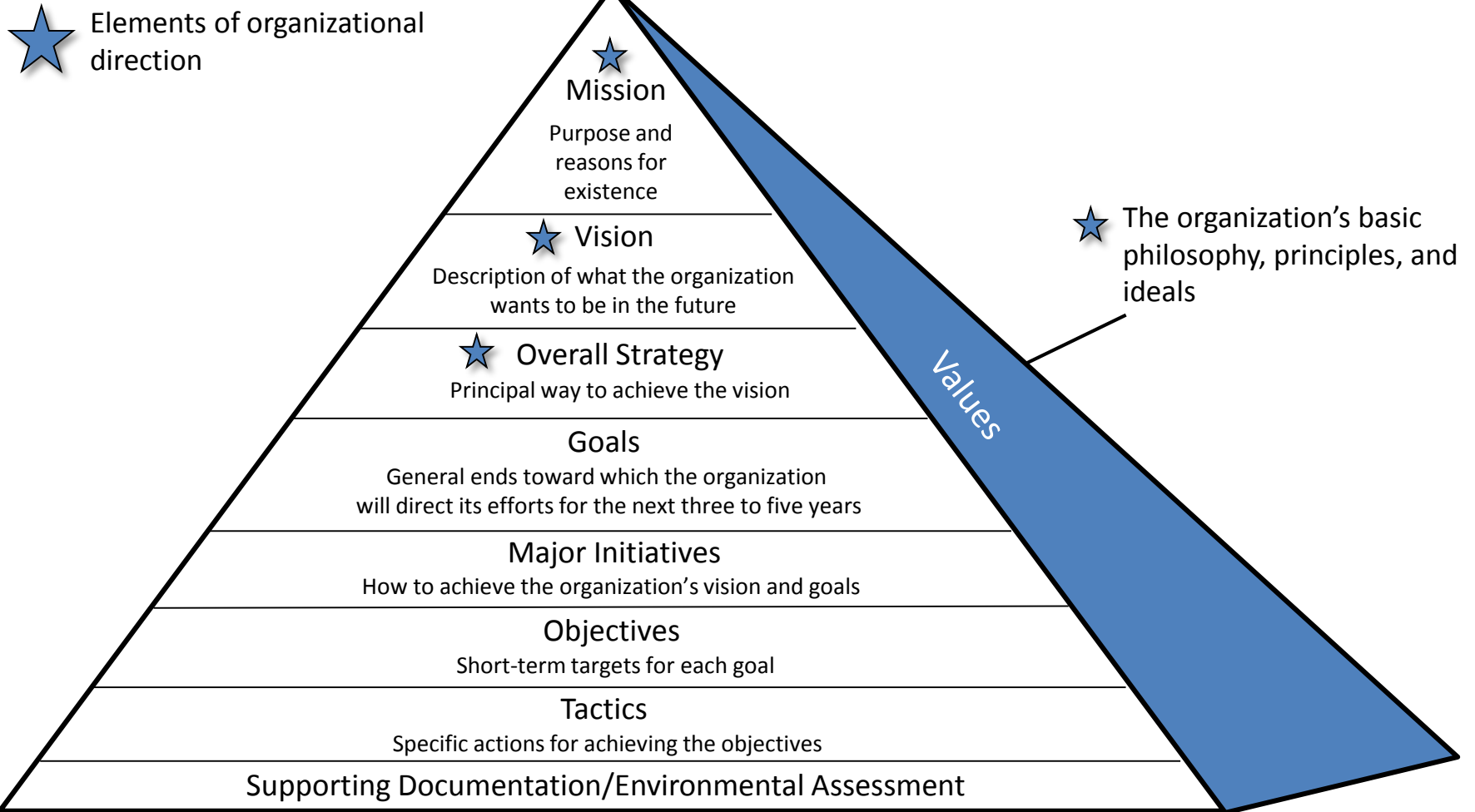


Based on the results of this exercise, we will conduct scenario planning for the most significant factors



Developing a Direction
for the Future

Basic Elements of a Strategic Plan



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Purpose of Organizational Direction



- Establishes the overarching strategic path for the organization
- Represents the policy dimension of strategy
- Provides framework for the more detailed goals, actions, etc.

“Transformation begins with imagining a different future”

Developing Organizational Direction



Strategic Planning Tips

- Sharp, tailored directional statements
- One vision, one direction
 - In any large organization, operating unit direction must be consistent with corporate direction
- This is the most important corporate strategic planning activity

Mission Statement

Organizational Direction

Frames the future and provides an important context for strategy development



Mission



Reflects an organization's purpose and ethics

- Enduring
- Ideally, one sentence
- For both external and internal audiences

Mission Statement Examples

Non-Health Care

- 3M: To solve unsolved problems innovatively
- Nike: To bring inspiration and innovation to every athlete in the world

Health Care

- Sentara: We improve health every day.
- Barnes-Jewish Hospital: We take exceptional care of people.
- HealthCare Partners (ACO): We will partner with our patients to live life to the fullest by providing outstanding healthcare and supporting our physicians to excel in the healing arts

Do you have a good mission statement to share?

Vision Statement

Organizational Direction

Frames the future and provides an important context for strategy development



Vision



Expresses ideals, standards, and desired future state (“what” we want to be)

- A stretch, motivator, inspirational
- A vivid description
- Ideally, one sentence
- Primarily for internal audiences

Vision Statement Examples

Non-Health Care

- Ford (early 1900s): Democratize the automobile
- Sony (early 1950s): Become the company most known for changing the worldwide poor-quality image of Japanese products
- Stanford University (1940s): Become the Harvard of the West

Health Care

- Sentara: To be the healthcare choice of the communities we serve.
- Barnes-Jewish Hospital: Along with our partner, Washington University School of Medicine, [we] will be national leaders in medicine and the patient experience.
- HealthCare Partners (ACO): We will be the role model for integrated and coordinated care, leading the transformation of the national healthcare delivery system to assure quality, access, and affordable care for all.

Do you have a good vision statement to share?

Overall Strategy Statement

Organizational Direction

Frames the future and provides an important context for strategy development



Overall Strategy



Identifies the principal means for accomplishing the ends ("how" to get there)

- Highly targeted
- Many companies can have similar principal strategies (although how they are carried out should differ greatly)
- Desirably, one phrase or sentence
- Primarily for internal audiences

Overall Strategy Statement Examples

Non-Health Care

- Procter & Gamble: To touch and improve the lives of more consumers, in more parts of the world, more completely
- Nordstrom: Service to the customer

Health Care

Ascension Health

“A focused and transformational guide” to realize the vision; “a compass rather than a map”

- Health care that works
- Health care that is safe
- Health care that leaves no one behind

Community Health Systems

- Effectively integrating acquisitions and improving hospital operations, and developing strong community relations

Do you have a good overall strategy statement to share?

Values Statement

Organizational Direction

Frames the future and provides an important context for strategy development



Values



Describes the organization's philosophy and principles

- How we behave in our organization
- Values have to be “authentic” and can only be changed very slowly
- For both external and internal audiences

Values Statement Examples

Non-Health Care

- Disney
 - No cynicism
 - Nurturing and promulgation of “wholesome American values”
 - Creativity, dreams, and imagination
 - Fanatical attention to consistency and detail
 - Preservation and control of Disney image

Health Care

- Catholic Health Initiatives
 - Compassion
 - Excellence
 - Integrity
 - Reverence

Do you have a good values statement to share?

Visioning Exercise

- The seminar participants will be divided into four groups
- Review the brief history and description of the American Medical Association (AMA)
- Each group's charge is to develop a vision and strategy for the AMA
- We will compare and contrast each group's recommendations with the others and discuss implications of the exercise for determining organizational direction

American Medical Association: Introduction

The **American Medical Association (AMA)** is the largest physician and medical student member organization in the United States, with the motto of “helping doctors help patients”. The AMA seeks to unite physicians nationwide to collaboratively address key professional and public health issues. Through membership services that include legislative and policy advocacy and practice resources, the AMA supports physician-led initiatives that enable sustainable physician practices that result in better health outcomes for patients. Today, AMA membership is approximately 220,000, or about 17% of American physicians. The organization is based in Chicago, Illinois.

In addition to providing membership services, the AMA publishes the Journal of the American Medical Association (JAMA). Printed in a dozen languages and distributed in more than 40 countries, JAMA is one of the world’s most widely read medical journals. The AMA also publishes ten specialty journals, such as the Archives of Family Medicine and the Archives of Surgery. AMA is also notably the publisher for the official Current Procedural Terminology (CPT®) utilization coding system.

American Medical Association: Background

In 1847, 250 delegates from across the U.S. founded the AMA in response to lack of regulation for physician training and practice. Upon formation, primary tasks were to raise ethical standards in the medical field, establish ways to disseminate information to members and the public and create national standards for medical education.

In the early decades of the 20th century, the AMA was pivotal in establishing standards for medical schools, medical boards, hospital internship programs and medical specialty training.

In 1942, the AMA and the Association of American Medical Colleges (AAMC) established the Liaison Committee on Medical Education to accredit medical schools in the U.S. and Canada. In 1951, the AMA, along with four other associations of medical professionals, formed the Joint Commission on Accreditation of Hospitals, now the foremost accreditation body for U.S. healthcare organizations.

American Medical Association: Recent History

In the early 2000's, the AMA retained the international consulting firm, McKinsey and Company, to advise on organizational structure, membership strategy, and recommended future direction. McKinsey's organizational direction recommendations attempted to chart a new course for the organization.

AMA Mission: To promote the art and science of medicine and the betterment of public health.

AMA Core Values: (1) Leadership, (2) Excellence, and (3) Integrity and Ethical Behavior

Today the AMA consists of five core elements.

First – the AMA is the Voice of physician organizations. The House of Delegates gives voice to more than 185 physician groups representing the vast majority of physicians in this country. As a consequence this voice is respected in Washington, statehouses, and other arenas of influence because it is the only one that represents all physician groups.

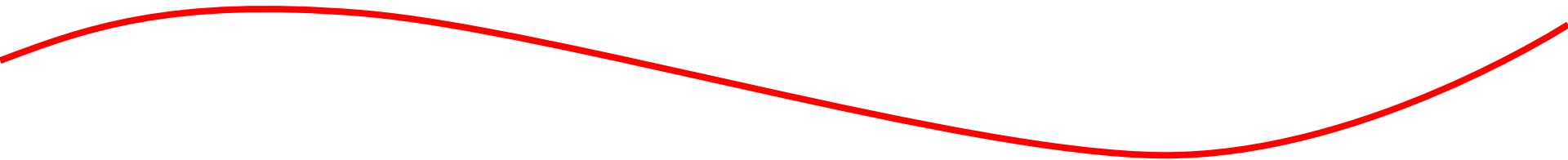
Second – the AMA is a forum for direct personal engagement for physicians through AMA membership. This past year membership increased modestly. The AMA continues to explore new and novel ways to connect directly with physicians.

Third – the AMA provides expertise to help physicians manage their practices – valuable resources like CPT, its Practice Management Center and Health IT information and resources. This includes the AMAGINE platform and the strategic alliance forged with AT&T in 2012 to scale it nationally.

Fourth – the AMA is a revered source of research and education, career support and practice enhancement. This includes its work in ethics, education, public health and in the quality arena. It includes JAMA and other AMA publications – circulated to more than 315,000 readers each week.

Fifth – the AMA is the authoritative advocate for physicians in Washington, in the Courts, in State Legislatures, and for the general public through its advocacy efforts.

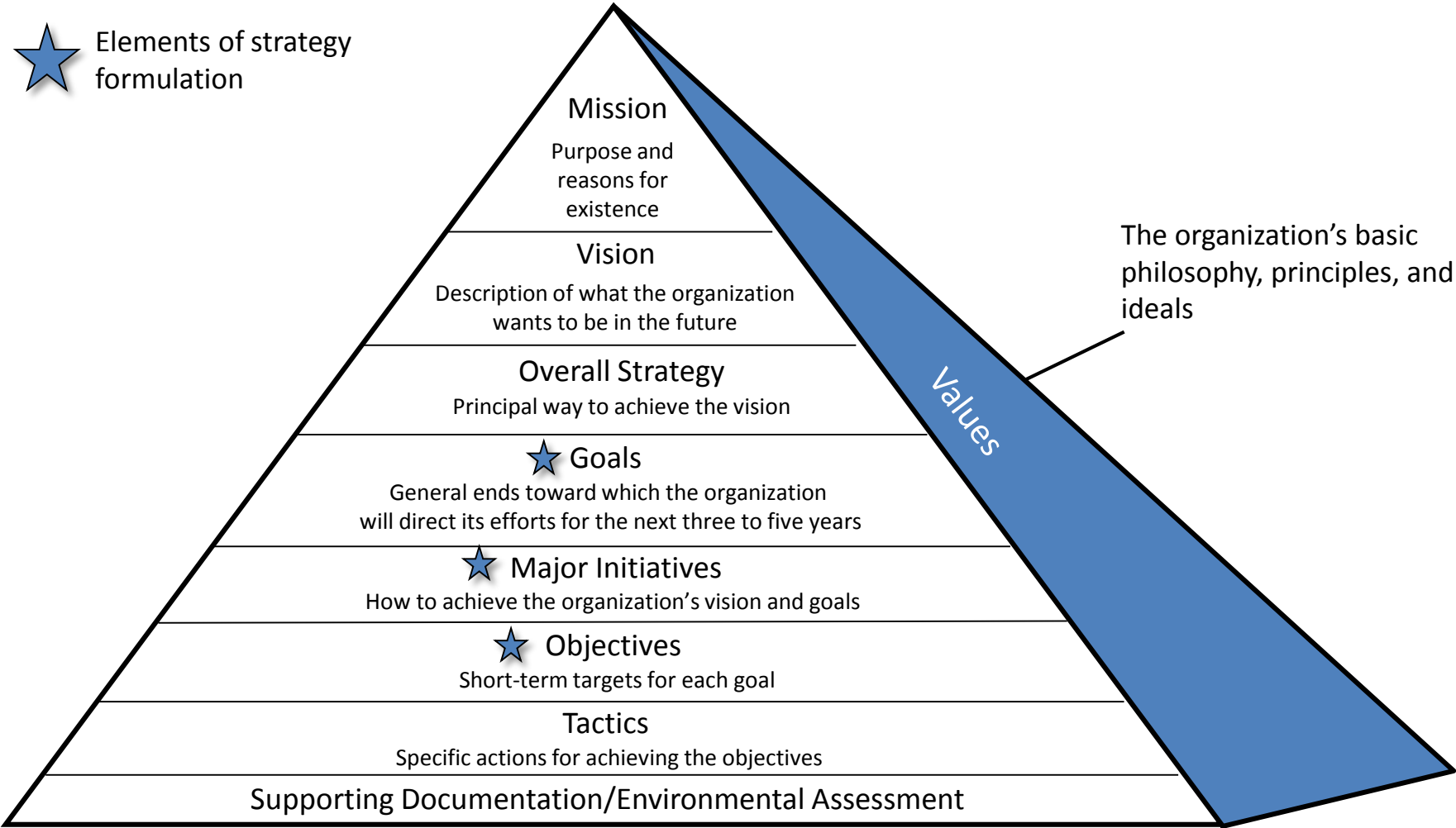
Source: Content and resources available at <http://www.ama-assn.org/ama/>; accessed December 2013.



Formulating Key Strategies

Basic Elements of a Strategic Plan

★ Elements of strategy formulation



Strategy Formulation Process

VISION (five+ years)

What an organization aspires to be in the future

KEY:

What are we striving toward?

How will we get there?

GOALS (three to five years)

The general ends toward which the organization will direct its efforts for the next several years

MAJOR INITIATIVES (three to five years)

The road map for achieving the goals

OBJECTIVES (12-18 months)

One-year milestones to gauge progress toward goal achievement

Purpose of Strategy Formulation



Develops the core content of the strategic plan



Addresses directly the most critical issues facing the organization



Forces prioritization and making choices to focus the organization and its resources on what matters most



Developing Strategies



Strategic Planning Tips

- This is an excellent time/phase to get broad involvement of internal constituents
- To be effective, strategy needs to address a limited number (no more than 10 and desirably as few as three to five) of the most critical issues
- Overall corporate goals direct operating unit goals and objectives

And, What is a Focused, Clear Strategy Formulation Result?

- It combines the how (means) with the what (ends)
- It is tangible, understandable, and measurable
- It directly and forcefully addresses the critical issue identified
- It explicitly incorporates contingencies and likely barriers and constraints

Can you provide an example of a focused, clear strategy formulation output from your organization?

Strategy Formulation: Process Options

- Move directly from critical issues to strategy formulation
- Prepare white papers on some or all critical issues
- Convene task forces to further evaluate critical issues/prepare white papers

Strategy Formulation Process: Analysis Required for White Paper Outline

Framing the Critical Planning Issue

- Issue definition
- Background (including importance of resolving the issue)
- Qualitative and quantitative description of situation

Exploring Success Factors, Trends, and Options

- Strategies being employed by others faced with similar situations
- Industry trends
- Options available, pros and cons, evaluation of options

Addressing the Issue

- Recommended option(s) to pursue
- Goals and major initiatives (strategies) for a three-to-five year planning horizon
- Objectives to be met next year
- Barriers and constraints to achieving goals and objectives

Strategy Formulation - EXAMPLE: Goals and Major Initiatives, *Physician Alignment*

Current State	2020 Goal #1
Integrated Delivery System (IDS) management is tightly aligned with very few physicians and most of them are hospital-based specialists	IDS is tightly aligned with over 1,000 physicians; 35% are primary care physicians

Major Initiatives (2015-2020)

- Establish and implement menu of alignment options for physicians that will strengthen alignment, provide choice, and add economic value
- Recruit/align with physicians to establish primary care practice sites to fill identified geographic areas of need and specific specialty coverage gaps
- Identify and train physician leaders to foster physician alignment and clinical service development

Strategy Formulation - EXAMPLE: Goals and Major Initiatives, *Physician Alignment* (continued)

Current State	2020 Goal #2
Physician and hospital payment methods are nearly all fee-for-service arrangements	IDS has value-based contracts in which its physicians are participating

Major Initiatives (2015-2020)

- Establish physician organization for the IDS and system wide infrastructure for joint contracting
- Pursue primary care medical home designation in select primary care practices
- Seek preferred pricing with payors for disease-specific conditions (e.g., diabetes, congestive heart failure (CHF), hypertension, back pain)

Strategy Formulation - EXAMPLE: Metrics, *Physician Alignment*

Metric	Current	2016 Objective	2020 Goal
<i>Physician Alignment</i>			
Total aligned primary care physicians (PCPs)	10	50	360
Total aligned non-hospital-based specialists	150	460	670
Total aligned non-hospital-based physicians	160	510	1,030

Strategy Formulation - EXAMPLE: Goal and Major Initiatives, *Diversification*

Goal (2020)

Eldercare's percent of revenue from non-nursing home services is at least 25%

Major Initiatives (2015-2020)

- Expand assisted living services in underserved markets statewide where Eldercare currently provides post acute care services (PAC)
- Culturally and systemically integrate Eldercare's PAC services and implement best practices in the coordination of care within and outside Eldercare
- Expand PAC partnerships with hospital and community-based providers in care, including development of pilot programs for innovative care delivery models

Objectives (2016)

- Eldercare's percent of revenue from non-nursing home services increases from 9% to at least 12%
- Eldercare has diversified PAC services in two of its eight markets served statewide⁽¹⁾

(1) Market diversification decisions to be made based on predetermined evaluation criteria including community need, competitive environment, return on investment, etc.

Example: Net Financial Impact of Major Initiatives

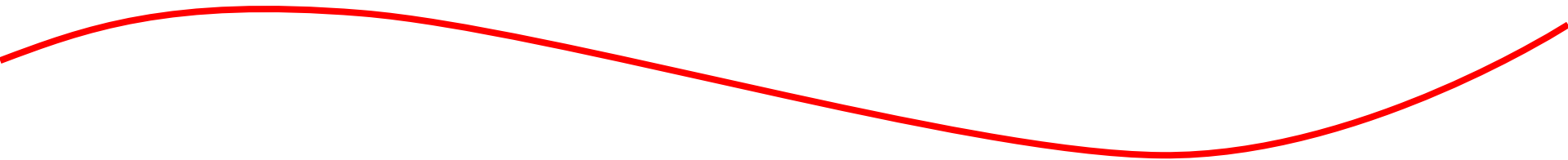
	Historical		Budget	Projected			
	2013	2014	2015	2016	2017	2018	2019
Baseline EBITDA	\$62.6 M	\$28.1 M	\$27.9 M	\$8.4 M	(\$4.7 M)	(\$16.4 M)	(\$27.4 M)
Core Clinical Program Development							
Burn				\$1.1 M	\$2.7 M	\$4.4 M	\$6.0 M
Orthopedics				\$0.6M	\$0.9 M	\$1.1 M	\$1.4 M
Women's and Infant's				\$0.0 M	(\$0.3 M)	(\$2.7 M)	(\$8.9 M)
Continuum of Care Development							
LTAC				\$1.3 M	\$4.7 M	\$4.8 M	\$5.0 M
Rehabilitation				\$2.5 M	\$2.4 M	\$2.4 M	\$2.4 M
Outpatient Surgery				\$0.7M	\$0.8 M	\$1.0 M	\$1.3 M
Medical Home				\$0.8 M	\$1.6 M	\$1.9 M	\$2.0 M
Performance/Process Improvement							
Length-of-stay Reduction				\$0.7 M	\$1.4 M	\$1.6 M	\$1.8M
LEAN/Six Sigma Initiatives				\$0.7 M	\$1.5 M	\$1.6 M	\$1.8M
ED Throughput				\$1.9 M	\$2.8 M	\$3.6 M	\$3.7 M
Total of Strategic Initiatives				\$10.3M	\$18.5 M	\$19.7 M	\$16.5 M
Total Baseline + Strategic Initiatives	\$62.6 M	\$28.1 M	\$27.9 M	\$18.7 M	\$13.8 M	\$3.3 M	(\$10.9 M)

Results of Strategy Formulation

- Goals
- Major initiatives
- Objectives
- Metrics (if not embedded in goals and objectives)
- Financial impact
- Learning among organizational leaders about how to address each critical issue

Strategy Formulation Exercise

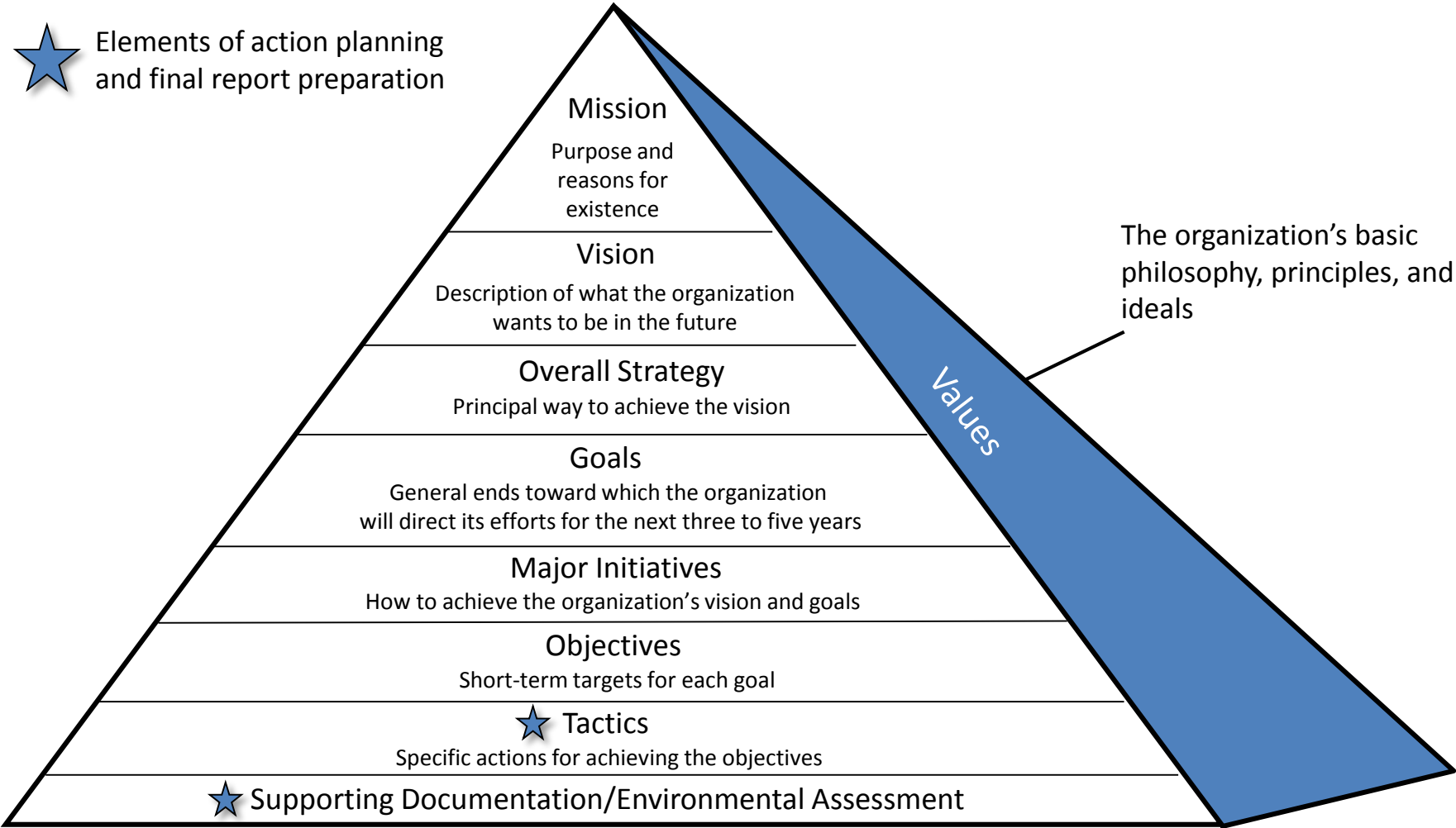
- Return to the groups used in the visioning exercise and answer the following questions:
 - What are the five (or fewer) most critical issues the AMA faces over the next five years?
 - Propose a reasonable goal (five-year target) for each issue.
 - Propose one major initiative to address each issue.
- We will compare and contrast each group's list of critical issues, goals, and related initiatives with the others, and try to develop a consolidated recommendation.



Transitioning From
Planning to Action

Basic Elements of a Strategic Plan

★ Elements of action planning and final report preparation



Purpose of “Transitioning” Activity



Bridge from planning to implementation



Makes explicit the key steps, timelines, and incremental resources required for implementation



Identifies responsibilities and accountabilities for actions



Completes strategic plan and results in board approval

Developing the Action Plan



Strategic Planning Tips

- Increased involvement of clinicians and managers in this activity and subsequently is highly desirable
- Before completion of the plan, an ongoing progress tracking system should be defined and agreed on by leadership
- Corporate sets priorities, especially among competing resource needs of operating units

EXAMPLE: Action Plan Format

		Responsibility	Target Completion	Resource Requirements
Goal #1:		<i>Individual leading effort and support staff/team</i>	<i>Quarter or Month/Year</i>	<i>Magnitude of resources required (\$ and/or effort)</i>
1.1	Objective:			
	a.			
	b.			
	c.			
	d.			
	e.			
	f.			
	g.			
	h.			
	i.			
	j.			

Goal #1:		Progress Review					<i>Comments/ changes/ adjustments</i>
		2015					
		<i>Q1</i>	<i>Q2</i>	<i>Q3</i>	<i>Q4</i>	<i>ETC.</i>	
1.1	Objective:						
	a.						
	b.						
	c.						

Strategic Plan Approval Process

- Full report prepared
- Review and approval by planning committee
- Medical staff review and comment
- Review by board
- Approval by board

EXAMPLE: 2015-2017 Strategic Plan Summary Excerpt

- Our Mission is to provide exceptional health services to the people of our region
- Our Vision is to be the best healthcare organization in everything we do – The best place to receive care, the best place to work, and the best place to practice medicine.
- Our Values are Teamwork, Compassion and Integrity

Organizational Goals	Targeted Values	2015-2017 Goals	Key Initiatives	2015-2017 Leading Metrics
QUALITY	No patient harm	<ul style="list-style-type: none"> • In clinical alignment with our stakeholders, demonstrate excellence through superior patient outcomes, substantiated by data • Pursue, maintain, and celebrate accreditations and designations that establish CRHS as the leader in the provision of exceptional health services to the people of our region 	<ul style="list-style-type: none"> • Clinical affiliation partner • CPOE deployment • Patient safety culture • Rounding with purpose • Medication safety • Clinical integration 	<ul style="list-style-type: none"> • Hospital-acquired infections • Hospital-acquired conditions • Falls resulting in harm • Medication occurrences • Zero harm by October 2017

EXAMPLE: 2015-2017 Strategic Plan Summary Excerpt (continued)

Organizational Goals	Targeted Values	2015-2017 Goals	Key Initiatives	2015-2017 Leading Metrics
ACCESS	Market Growth	<ul style="list-style-type: none"> Pursue collaborative strategies that enhance quality, improve access, or increase market share Pursue the development of strategically and financially beneficial growth service 	<ul style="list-style-type: none"> Implement women’s services plan Deploy an ASC strategy that includes CRSC and Premier surgery center Optimize provider mix of regional physicians Physician liaison to grow regional physician volumes Targeted PR & marketing plan Comprehensive community outreach program Emergency department preference TAPM strategy and alternatives ACO and medical home strategy deployed Clinical integration 	<ul style="list-style-type: none"> Inpatient discharges Outpatient volumes Regional physician volumes Surgical procedures Deliveries Preference & awareness metrics

American College of Healthcare Executives Strategic Plan: 2015-2017

Mission

To advance our members and healthcare management excellence.

Vision

To be the preeminent professional society for healthcare executives dedicated to improving health.

Values

As members of the American College of Healthcare Executives, we are committed to:

Integrity
Lifelong Learning
Leadership
Diversity

GOALS

Preserve and Enhance

core offerings to drive continued recognition of ACHE as the preeminent organization and trusted partner for healthcare leadership growth.

Extend and Adapt

ACHE offerings and brand position to meet the needs of the emerging market in healthcare leadership.

Innovate and Educate

to deliver meaningful new solutions to healthcare leaders and those they serve.

INITIATIVES

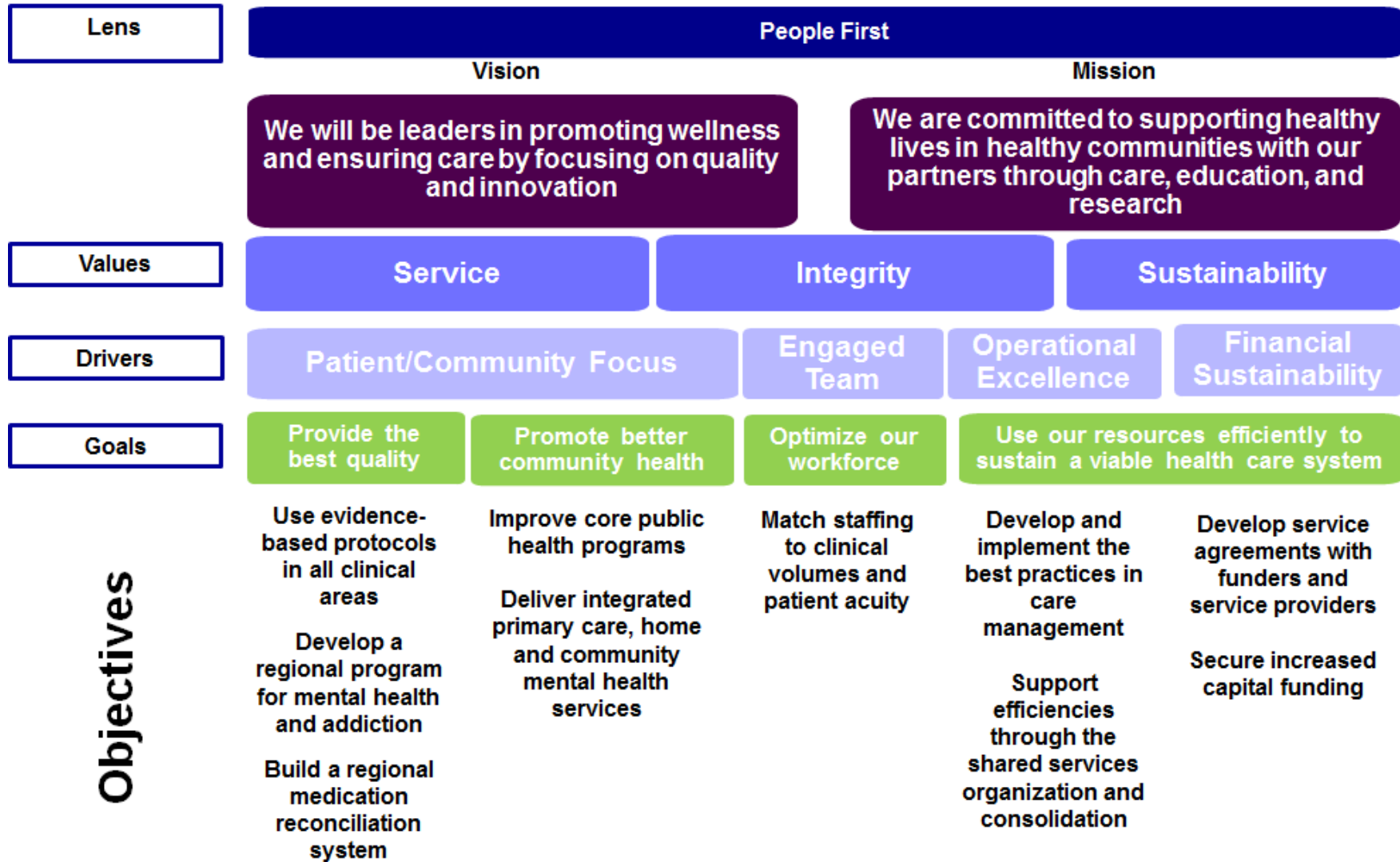
Performance Excellence

Product Development

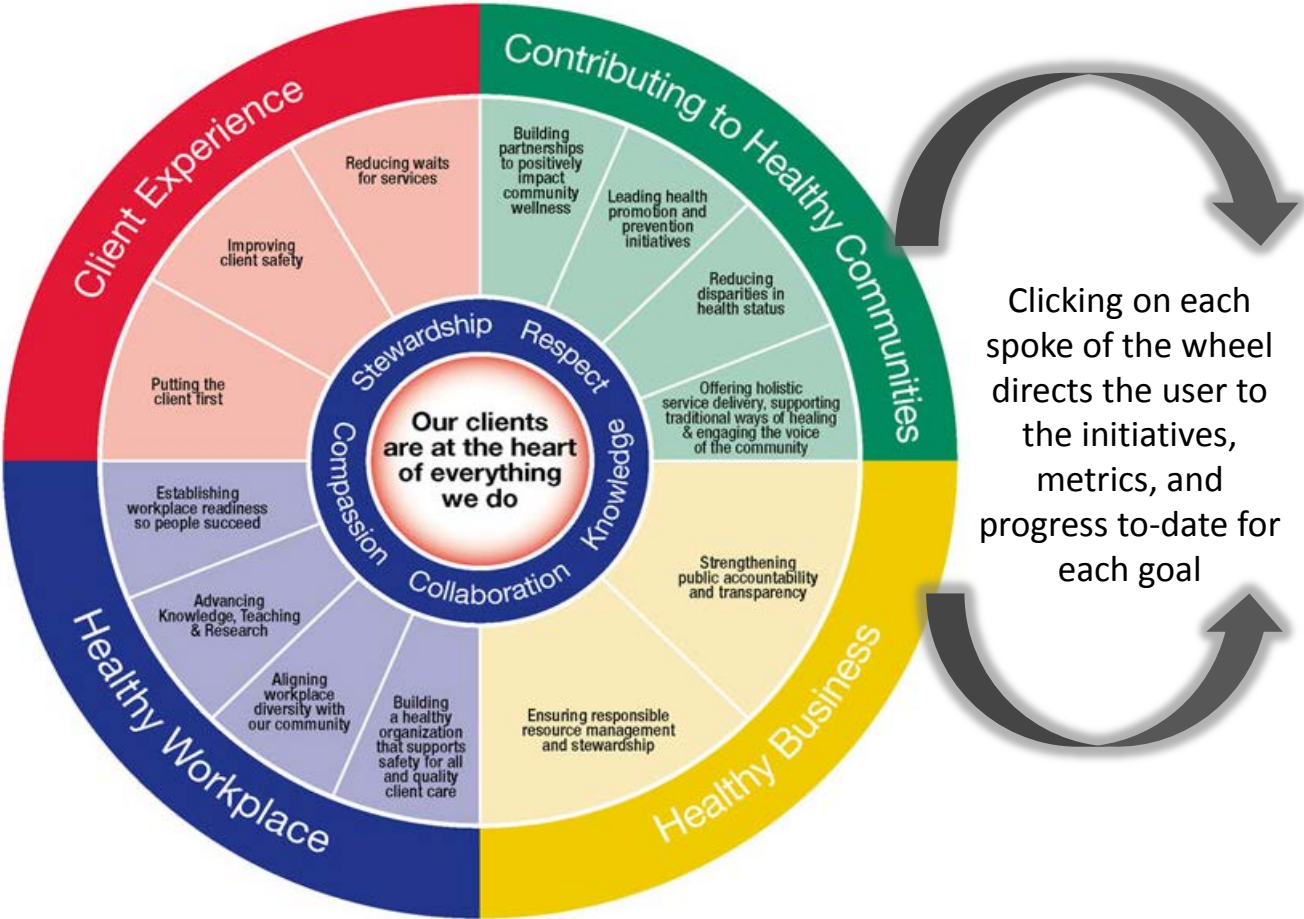
Market Relevance

Thought Leadership

EXAMPLE: Strategic Plan Executive Summary

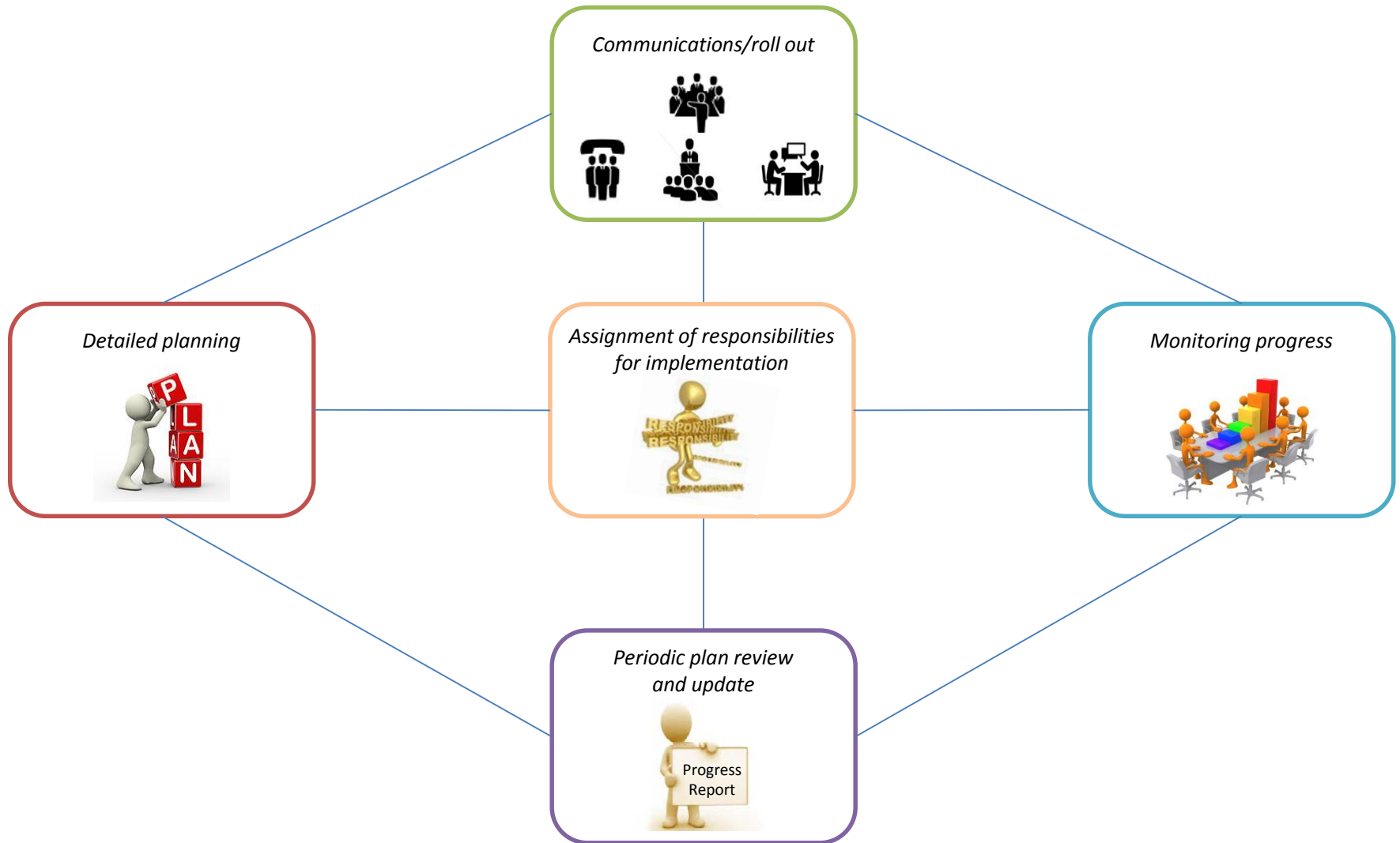


EXAMPLE: Strategic Plan Executive Summary

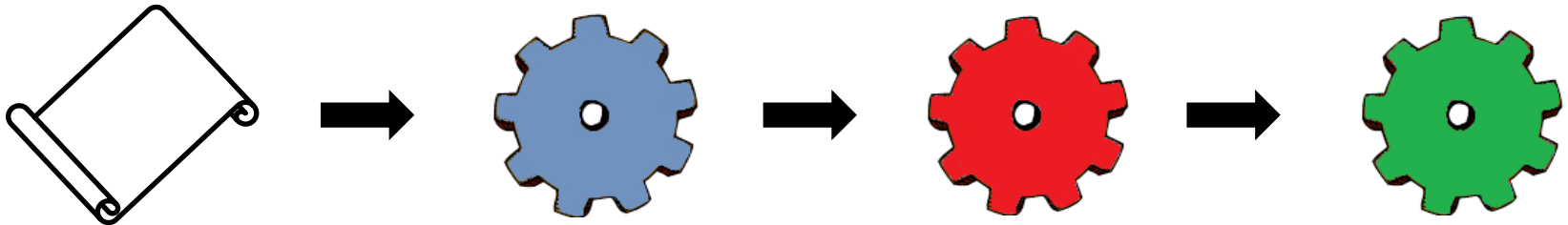


This interactive tool displays how each goal contributes to each strategic priority, the values, and mission

From Planning to Implementation



Components of Integrated System for Successful Execution



Strategy

- Effective mission, vision, strategy
- Business intelligence
- Scenario planning to anticipate change; contingency plans

Balanced scorecard

- Link strategy and action (objectives, measures, targets, actions, resources)
- Prioritization of activities
- Monitoring of performance

Project management

- Approach (formal/informal)
- Project charter, scope, work plan, timing, people
- Tools

Embedded change

- Organizational culture
- Organizational design
- Employee engagement
- Compensation and incentive systems

Problems in Effectively Moving from Planning to Implementation

Loss of energy and focus



Lack of management



Disconnect from operations



Lack of resources



Ensuring Success in Implementation



Communicate the plan's priorities



Identify the leverage people



Make sure you have the right people with the right skills



Drive the plan down into the organization



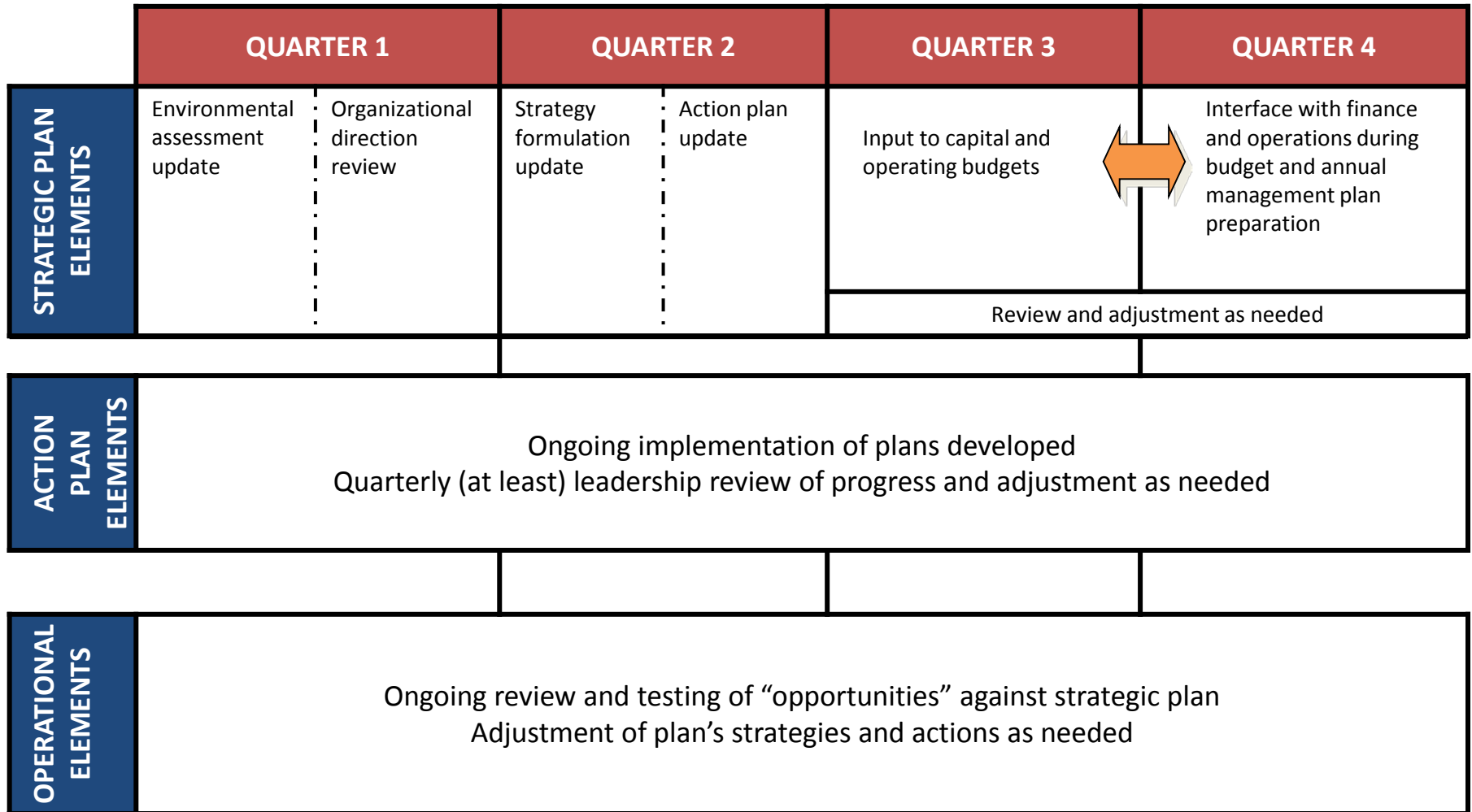
Ongoing process management – review, revise, reward

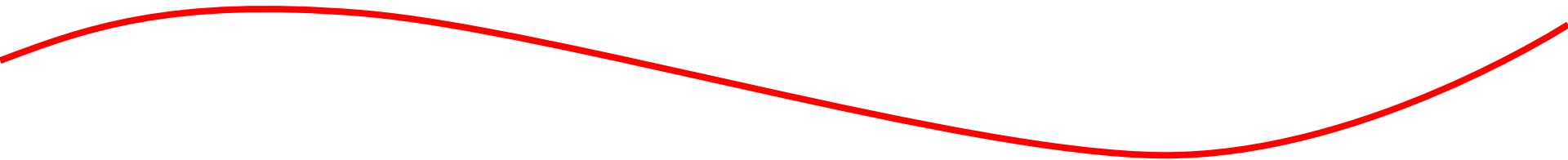
What advice would you offer your colleagues about how to manage strategic plan implementation better?

From Strategic Planning to Strategic Management

- Ongoing strategic planning, linked to operations and financial planning
- Update, as necessary, plan components
- Review and revise, as necessary, implementation plans
 - Carry out contingency actions as required

Annual Strategic Management Process Components





Ensuring Effective Participation in the Planning Process

Process Considerations

Process is often more important than the plan; develops shared understanding among organizational leaders about



Environment, current and future



Critical issues the organization faces



Mission and vision to guide the organization to the future



Major plan outputs, including alternatives considered to recommended strategies

All of this builds acceptance and consensus and expedites the transition from planning to action

Process Considerations (continued)

- Organizational style will drive process and involvement of key stakeholder groups
- Different groups may need to be involved at different times
- A variety of research approaches are necessary



Interviews



Surveys



Focus groups

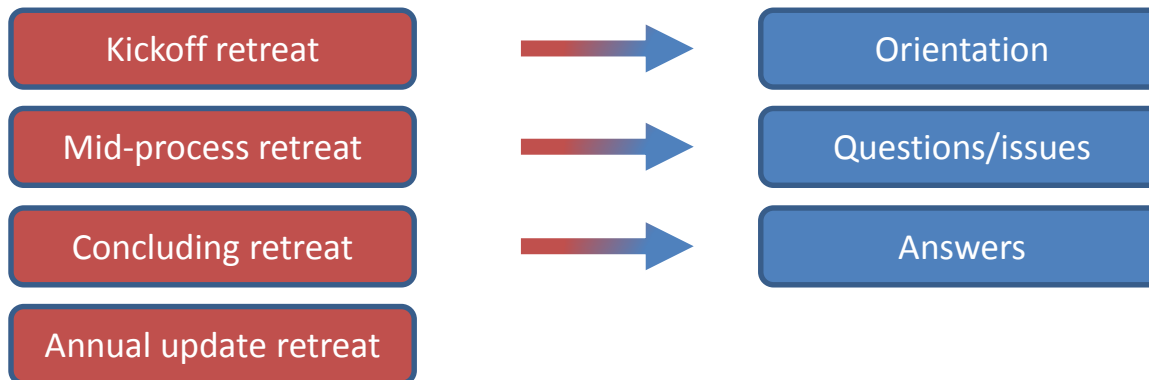


Task forces



Reactor panels

- Planning retreats are often useful during the process



Process Considerations (continued)

- Select key issues
 - Physician involvement, especially in very competitive markets?
 - Role of consultants, if any?
 - Concerns specific to your type of organization?
 - Other?



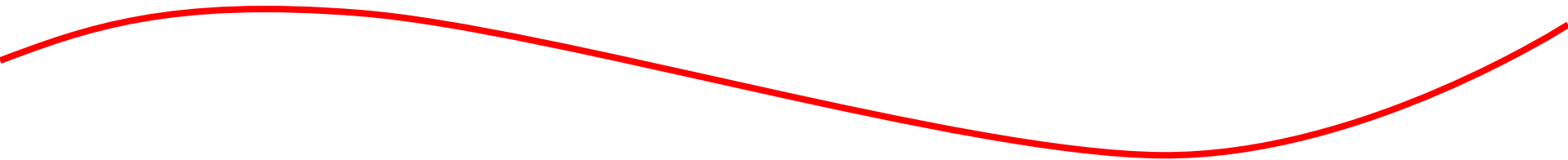
Typical Involvement of Key Stakeholder Groups

	Approval	Steering Committee	Interviews	Retreats	Strategy Formulation	Implementation
Entire board	✓			✓		Oversight
Planning committee of the board	✓	✓	✓	✓	✓	Oversight
Physicians		✓	✓	✓	✓	✓
Senior management	✓	✓	✓	✓	✓	✓
Other clinicians			✓			✓
Other management			✓			✓

Planning staff



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A Look to the Future

Old Versus New Strategic Planning

	2005	2015
1. Planning Rationale	Project-oriented	Results-oriented
2. Assumptions About the Future	One scenario	Multiple scenarios
3. Basis for Strategies	Internal	External
4. Goals	Many, vague	Few, measurable
5. Alignment	Haphazard	Integrated
6. Implementation	Ad Hoc	Managed
7. Planning Process	Lengthy	Intensive, fast-paced
8. Plan Development Frequency	Periodic	Ongoing

Health Care Delivery Challenges: 2015 – 2018

- The economy
- Reimbursement
- Cost control/capital access
- Aging population
- Technological advances
- Pharmaceutical advances
- Labor shortages
- Quality and patient safety
- Information explosion
- Consumerism
- Scale and scope
- Real integration
- Government regulation/reform



Critical Elements of the Strategic Plan: Advice from the Capital Markets

- **Essential 1: High-level Strategic Thinking and Integrated Strategic Financial Planning**

“We look first for real evidence of strategic thought”

“The best organizations all have in common a well-developed, extensive planning process”

- **Essential 2: Comprehensive Data on Market and Strategic Position**

“Must clearly articulate the organization’s market and strategic position and the competitive trends likely to impact the organization”

“Such data are not “nice-to-know,” but “need-to-know” information

Critical Elements of the Strategic Plan: Advice from the Capital Markets (continued)

- **Essential 3: Market Strength and Competitive Differentiation**

“Strategies should be directed at achieving market strength and/or a differentiated competitive position”

“We prefer the provider to be dominant – not by a little, but by a lot”

- **Essential 4: A Measurable, Measured and Achieved Strategy**

“Successful organizations define indicators of the success of strategies, measure performance against these indicators, and devise and implement plans to respond to less-than-anticipated performances

“The strategy must be properly implemented, monitored, and achieved”

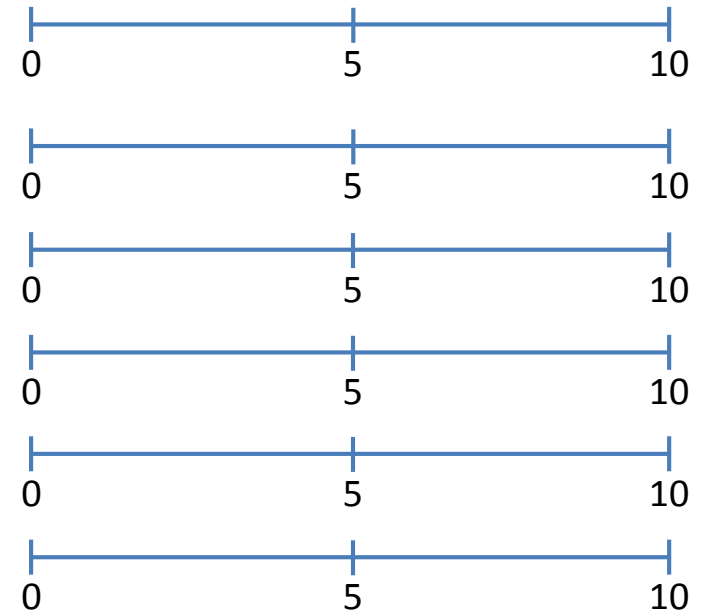
Critical Elements of the Strategic Plan: Advice from the Capital Markets (continued)

- **Essential 5: An Ongoing Planning Process**
 - “Updates to the plan should be annual, if not ongoing”
 - “We want organizations to be looking afresh at their strategic plan each year and challenging and strengthening the assumptions”
- **Essential 6: Carefully Considered Documentation**
 - “The strategic plan provides evidence of the strategic planning process”
 - “The capital markets value concise documentation of strategy, but documentation must provide enough detail to communicate and enable evaluation of the strategy’s viability”

Grade Your Strategic Planning Effectiveness

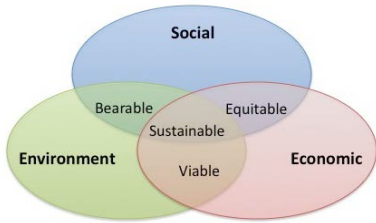
On a 1-10 scale, with 1 being low and 10 being high, grade your organization's strategic planning effectiveness on the six essentials

- High-level Strategic Thinking and Integrated Strategic Financial Planning
- Comprehensive Data on Market and Strategic Position
- Market Strength and Competitive Differentiation
- A Measurable, Measured and Achieved Strategy
- An Ongoing Planning Process
- Carefully Considered Documentation



What's the most important thing you would recommend to your organizations next week to improve its strategic planning effectiveness?

What is Effective Strategy?



Sustainability



Performance improvement



Quality



Direction



Focus



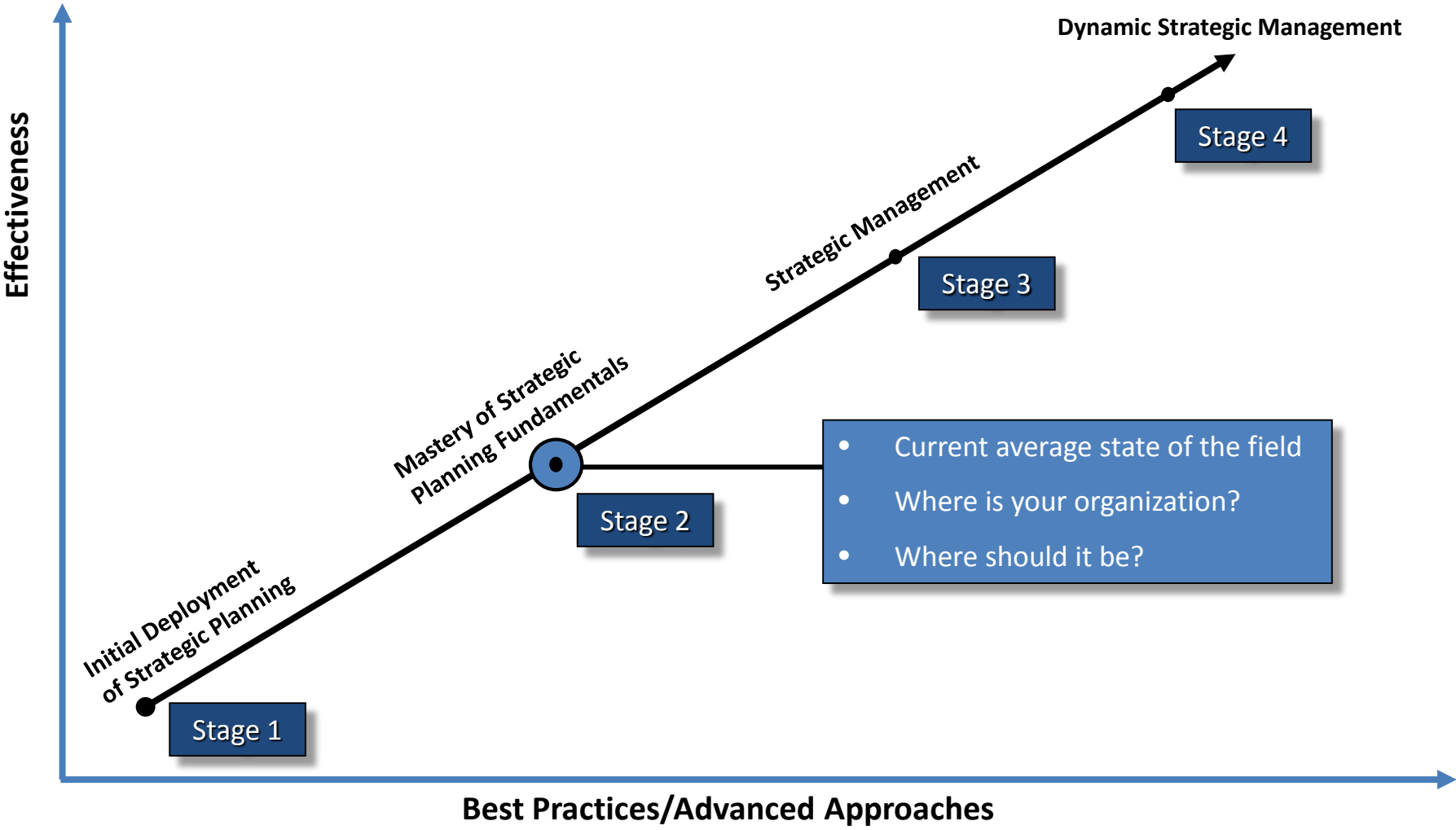
Connection



Importance

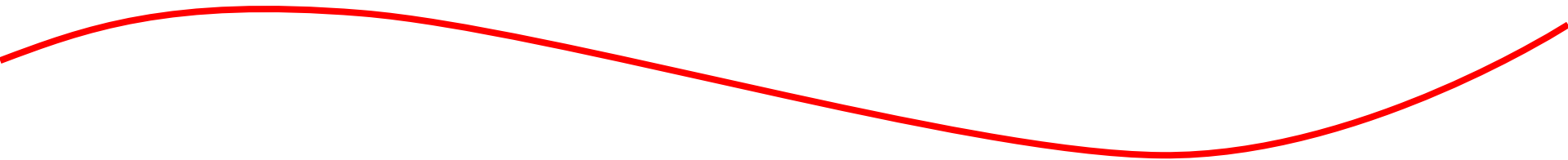
Source: J. Daniel Beckham, "Strategy: What It Is, How It Works, Why It Fails," *Health Forum Journal*, November/December 2000.

Evolution of Health Care Strategic Planning



A Few Final Thoughts

- Special situations
- Unanswered questions
- Getting started on revitalizing strategic planning in your organization tomorrow



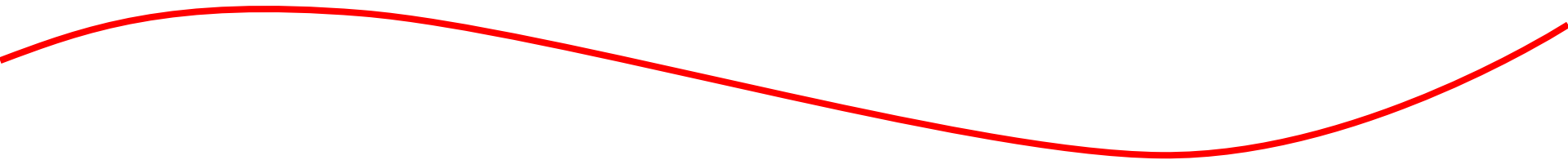
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Firm and Presenter Profile

Firm Profile

- **Veralon** is a national leader in in healthcare strategy, valuation, and other specialized implementation skills. We offer strong financial capabilities and deep senior-level expertise, and have completed thousands of consulting engagements.
- **Veralon** consultants are trusted advisors to healthcare leaders, partnering with those leaders to achieve success for their organizations and to transform the healthcare industry.

>30

Over 30 healthcare consultants serving our clients nationwide, with offices in Philadelphia, New York, Chicago, and Washington DC

70%

Over 70% of our business is from returning clients

25

Our management team averages more than 25 years healthcare consulting and operations experience, so we can attack problems requiring senior level intuition and expertise.

Seminar Presenter Profile

Alan M. Zuckerman, FACHE, FAAHC

DIRECTOR & CHAIR

Alan is one of the nation's leading healthcare strategists, and has directed development of advanced strategic and business plans for many of the nation's top academic medical centers and health systems in his 40 years of management consulting. He serves as strategic advisor to many long-term clients.

He is recognized for his ability to bring unique strategic solutions to providers in highly dynamic markets and for his expertise in developing consensus among board members, medical staff, and management.

Alan's work focuses primarily on organizational strategy projects, and mergers and affiliations. Among his many strategy engagements are:

- An ongoing strategic planning relationship with a community hospital that has been able to remain independent, thanks to a thriving PHO, two ACO arrangements, and the positive outcomes of an ambulatory care strategy; recent planning has focused on further positioning the hospital for health reform
- Facilitation of a strategic plan for a system with three hospitals, a multispecialty physician group, and an HMO
- A mid-cycle strategic plan review for an academic medical center affiliated with a 900-physician practice plan, and exploring options for the hospital, medical school, and practice plan to work more collaboratively

Alan has also directed numerous merger-related projects, those involving assistance to community hospitals seeking partners, those helping health systems or hospitals that are seeking to acquire another hospital, and those where two hospitals are interested in merging with each other.

A nationally recognized author, Alan is the editor of [*Leading Your Healthcare Organization Through a Merger or Acquisition*](#) and has authored over 75 articles and six books on healthcare management. His [*Healthcare Strategic Planning: Approaches for the 21st Century*](#) won the American College of Healthcare Executives' James A. Hamilton book-of-the-year award and is one of the organization's all-time best-selling healthcare management books.

He is a frequent speaker at national healthcare conferences, and teaches seminars for the American College of Healthcare Executives (ACHE). Alan has received the ACHE Service award in honor of his commitment to the healthcare management profession, and has also been awarded ACHE's Senior-Level Healthcare Executive Regent's Award.

Alan holds MA and BA degrees from the State University of New York at Stony Brook. He is a Fellow of the ACHE and the American Association of Healthcare Consultants.



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