

From Common Sense To Health Cents

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New Times Demand A New Level of Strategic Planning

Success in today's market is about building a stronger immediate present while, at the same time, shaping the future of the organization.¹ In a traditional business curve, an organization develops a service or product and, if it meets consumer needs, the organization works to maintain it and prosper. In today's market of continual change and technological advancement, organizations that do not continue to renew their service or product to meet the evolving needs of the customer and market, can suddenly find itself a casualty on the road to the future.

Over the past two decades, the healthcare industry has been besieged with changes that have significantly impacted the way health care is delivered. Technological advancements, managed care, specialization, and regulatory reform have significantly changed and continue to reshape the healthcare industry. Healthcare organizations find

themselves searching for ways to deliver high quality, customized services in response to these changes without paying the price associated with high-variety, low volume operations. At the same time, the life cycles for many aspects of healthcare delivery continue to shrink.

Strategic planning in more stable times involved attempting to monitor and improve existing business processes. In dynamic times, such as those we see today, it often involves identifying entirely new services that could position the organization to excel in meeting customer needs and financial objectives as present services die out or decline.

Today's healthcare market is a much more competitive environment. Changes in consumer expectations have moved all industries, including health care, into an environment where services are bought, not sold. Organizations that best meet customer demands excel. Changing demands mean that leaders of today can easily find themselves

running to keep up tomorrow.

Over the past three decades, healthcare providers have found it much more difficult to maintain market share and to keep their customers happy. For many, their strategic plans are too soft and operationally-oriented. While these types of plans could get the job done when organizations only had to focus on perpetuating the past, the planning of today must be "a process by which the guiding members of an organization envision its future and develop the necessary procedures and operations to achieve that future".²

Successful strategic planning is characterized by the process of self-examination, the confrontation of difficult choices, and the setting of priorities. It is about moving out of comfort zones and learning to embrace change as a way of life. It is about creating the organization's future business curve and unleashing the energy of the organization to successfully carry the organization into that future.

The Emergence of a Strategic Board for New Times

The challenges faced by a healthcare board of trustees in these new times are much more difficult and complex. Over the past 50 years, the role of the board of trustees has evolved from that of a funding source for hospital operations to a body of people with significant responsibility.

The first hospital board was composed of very affluent members of the community and their sole purpose was to provide funding from their personal resources for the operation of the hospital. Prior to the 1950's, funding remained

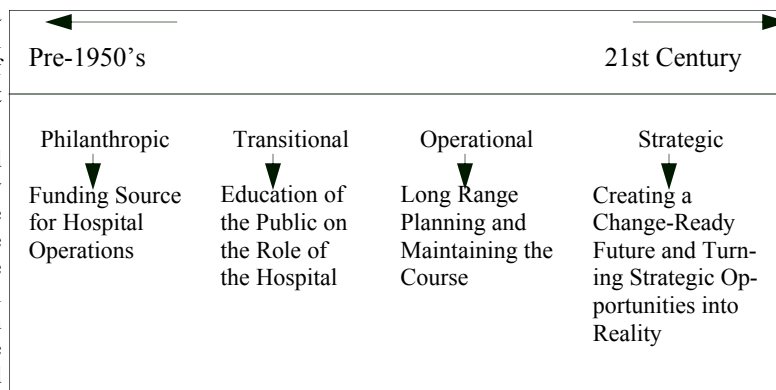
the board's primary role.

In the 1950's and 60's, the board took on an educational role as hospitals proliferated and advancements in medical care

came with greater regularity. In the 1970's, the Board took on an operational role as the technological boom began and the first quality of care cases focused attention on the

board's role in governance.

Today's board has a much higher level of responsibility and accountability as it finds itself assuming a greater role for quality and outcomes and determining the strategic future of the organization. The demand on time is much greater and the skill set needed is much more focused. The relationship between the board and the management team needs to move away from one of sharing information to one of shared decision making.



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Strategic Planning Needs to Build a Future Curve

Traditional strategic planning activities are unlikely to produce the outcomes needed in today's competitive and rapidly changing environment. They tend to treat change as though it is incremental not exponential. The pace of today's changing environment does not allow for the luxury of time.

Traditional techniques of strategic planning often concentrated on improving the present state without taking into consideration what is necessary to create a strong future. In times of a stable market, this approach would normally produce acceptable results. In a changing market, with numerous outside pressures such as is seen in the current healthcare environment, this approach for many is the equivalent of rearranging the deck chairs on the Titanic.

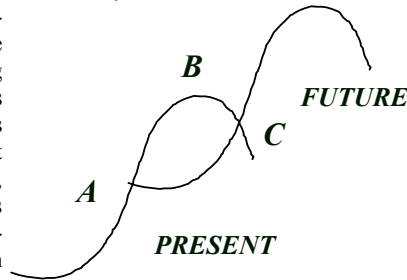
The word strategic implies taking an organization to a new level of operating that creates strategic advantage. Planning involves anticipatory decision-making where well thought out action decisions are agreed to and planned for before action is required.² Moving to a level of decision-making that is both strategic and anticipatory is critically important for most healthcare organizations. This allows decisions to be made in the change-ready zone instead of the crisis zone where many decisions are made today. The reactionary nature of the crisis zone is often focused on immediate survival not creating a strong future.

Strategic planning is about making decisions for an organization's future before that future is here. By point A on the present business curve, the organization needs to have a plan to successfully carry it into the future. This represents the best time to evaluate an organization's progress and the market along with other influencing variables to determine the best strategic moves to maintain a successful future. In most environments, the life of the present curve should be treated as the period between now and 18 months from now with the future curve being from 18 months to 5 years.

If an organization waits until point B to begin decision making, the slide has already begun and the room for proactive change is in danger. Financial and operational pressures have already begun. The early symptoms of operational decline are felt in the organization. By point C, the organization is in a reactive mode and often frantically

fighting for control in a declining market and fading customer loyalties. At this stage, actions are not taken as a result of well thought out plans. They are born out of crisis management and result in short-term survival that often creates a new set of crises. Soon the organization's sole focus is on crisis management and day-to-day survival.

Sound strategic planning creates the foundation for a number of conditions and activities that can strengthen an organization:



1. *It enable an organization to unleash and focus the energy of the organization behind a shared vision and a shared belief that the vision can be fulfilled.* The failure rate for

strategic plan implementation is estimated to be as high as 94%.³ It is estimated that only seven percent of middle managers and frontline employees understand their organization's strategic plan. Only twenty-one percent of middle managers and seven percent of line employees have personal goals that support the strategic plan.⁴

These are frightening statistics for healthcare organizations as the skills and abilities of our employees are the commodities we are selling. In a service organization, the people who provide those services are the gatekeepers to change. Without their involvement and support, there is no change. Without a clear alignment of personal and organizational goals, most organizations struggle to gain staff support for change.

Strategic plans that challenge existing organizational values and culture are doomed to fail if the workforce is not supportive of the needed change. The culture is best defined as (1) a pattern of basic assumptions, (2) invented, discovered, or developed by a given group, (3) as it learns to cope with its problems of external adaptation and internal integration, (4) that has worked well enough to be considered valid and, therefore, (5) is taught to new members as the (6) correct way to perceive, think, and feel.² The culture re-

flects the workforce's learned or developed way of coping with its environment and is very difficult to change as there is a level of comfort and security in that accepted way of acting.

Only with a well-structured plan that offers a better cultural environment can an organization create needed change. An effective strategic plan that is well thought out, well planned for and well articulated can become the tool for creating that change.

2. *It provides the template against which all organizational and operational decisions can be evaluated.* Most healthcare organizations have a multitude of initiatives in play at any given time. As few as 20% of these initiatives are actually aligned with the goals of the strategic plan or the targeted improvements identified as necessary for plan success. Most of the remaining activities are often marginal (if not draining) in their bottom-line contribution, their outcome is often not cumulative in building a stronger future, they draw resources away from the strategic efforts, and they promote patient-driven not patient-focused business approaches.

A well-structured strategic planning process focuses energies and resources on those activities that will keep the organization moving in the right direction. Instead of being a document that resides on a shelf in the CEO's office and is simply dusted off periodically, the strategic plan become the guiding star for all decisions. All managers are focused on their department's contribution to the future of the organization instead of their own functional silo. The strategic plan is the foundation for all day-to-day business decisions.

3. *It creates the foundation for well conceived contingency plans.* Very few plans are foolproof. Too many environmental and organizational variables exist. Strategic plans often fail because of these variables

Alice: Which way should I go?
 Cat: That depends on where you are going.
 Alice: I don't know where I'm going.
 Cat: Then any direction will get you there.
Lewis Carroll
Through the Looking Glass

and the fact that there was no time taken to develop contingency plans. Suddenly the organization moves from anticipatory decision-making with well thought out

action plans to crisis management. Contingency planning allows an organization to react more effectively to its strengths, weaknesses, opportunities and threats. It creates a decision-making process that allows the organization to "stay the course".

What Should Strategic Planning Accomplish?

Historically strategic planning has been viewed as a once a year (and often less frequently) activity where senior management and the board reviewed current financial performance and agreed to the next steps. In today's fast paced environment, strategic planning needs to be a continuous process of planning, implementation, evaluation and replanning.

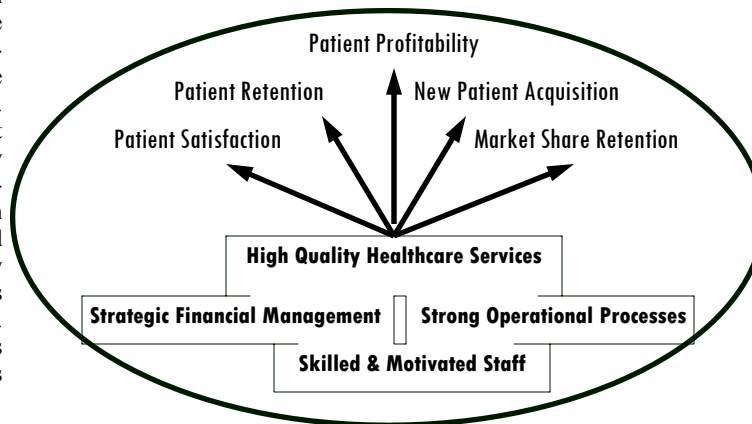
When strategic planning is viewed as an isolated activity with little or no implications for day-to-day operations, it becomes nothing more than an academic exercise conducted to make everyone feel that they are accomplishing something. Strategic planning must become "the process by which the guiding members of an organization envision its future and develop the necessary procedures and operations to achieve that future"². The strategic plan defines how an organization is going to create its future.

Historically, strategic planning activities were heavily weighted towards monitoring and controlling financial measures. This approach has proven to be less than successful as it tends to promote under-investment in those activities that are key to service organizations. This planning provided for little or no focus on those aspects of health care that our customers deem important. These include assets such as product and process innovation, employee skills, performance improvement and customer satisfaction.

Today's strategic planning processes must build activities that promote patient satisfaction, patient retention, patient profitability, new patient acquisition and market share retention. Planning activities must focus on the four internal processes that can make or break the organization's success in any of these areas. These include high quality healthcare services, strategic financial management, skilled and motivated staff and strong operational processes. Failure to recognize the importance of any of these critical categories can hamper the organization's ability to create strategic success.

A well-orchestrated strategic planning process empowers leaders and frontline workers to find creative and innovative

ways to capitalize on their strengths and opportunities while overcoming their weaknesses and threats. This is a critically important process for healthcare organizations who have an underlying sense of victimization because of all the outside forces that impact their organizations on a daily basis. As an unknown author once said, "You can visit Pity City, but you'd never want to live there". Too many of our healthcare organizations have visited there for too long and it shows in staff morale, creativity, innovation and risk tolerance.



The strategic plan should allow the leaders, workers and stakeholders in the organization to envision a "forwarding thinking, idealized image of itself and its uniqueness"². Such visions give the organization a sense of pride and purpose while providing a sense of how things can be. This sense of pride and purpose is critically important in healthcare organizations where morale is threatened and employees are experiencing dangerous levels of change fatigue.

For healthcare organizations living on the edge, strategic planning is particularly important and often absent. The leaders of the organization are so overwhelmed with day-to-day survival they forget the need of the staff and stakeholders to have hope and a sense that their efforts have a meaning greater than the simple act of performing them. Those times when an organization is down and out are the times when people need something to pull them together.

The strategic planning process should provide for a clearer understanding of the environmental factors that could impact the organization and thus effect the applicability of the strategic plan. In their work,

Goodstein, Nolan and Peiffer identify four environments that must be objectively evaluated: the macro environment; the industry environment, the competitive environment and the organization's internal environment.²

The planning activities should identify the values and culture of the organization. The final strategic plan must be congruent with the values and culture of the organization or the plan is in danger before it even gets started. This is readily apparent in organizations where mergers are undertaken because of what appears to be a good economic fit but the cultures are so different. The relationship often ends up in a very messy divorce. Over 50% of all mergers in this country end within three years and the primary reason is a clash of cultures.

The process must take into account the potential impact the organization's strategic planning activities can have on the organization's stakeholders. Stakeholders are those individuals, groups and organizations who will be impacted by or interested in the organization's strategic plan.² This activity is particularly important for healthcare organizations in small communities or high profile areas.

Without such confrontation, unresolved or unrecognized differences in assumptions, beliefs and philosophy can block the planning process and delay forward movement.

The strategic plan must be consistent with the organization's mission statement. The message that the organization sends in its actions must match what it says. Failure in this area can have profoundly negative impacts for the organization with its stakeholders, particularly its workforce. Trust deficits are commonplace in many healthcare organizations. The stresses, distractions, turmoil, inefficiency and discontent that are commonplace in today's healthcare environment keep our workforce from being able to give 100%.

The planning process must objectively evaluate and identify the organization's performance gaps between its current state and the envisioned state. Only once all gaps in performance have been

identified, can an organization develop an implementation plan. Failure to identify performance gaps that can threaten the plan, failure to tackle barriers that create these gaps and failure to follow through on necessary action plans accounts for a greater than 90% failure rate in strategic planning activities.

"We live by encouragement, and we die without it – slowly, sadly and angrily."

Celeste Holm

Strategic Gap Analysis

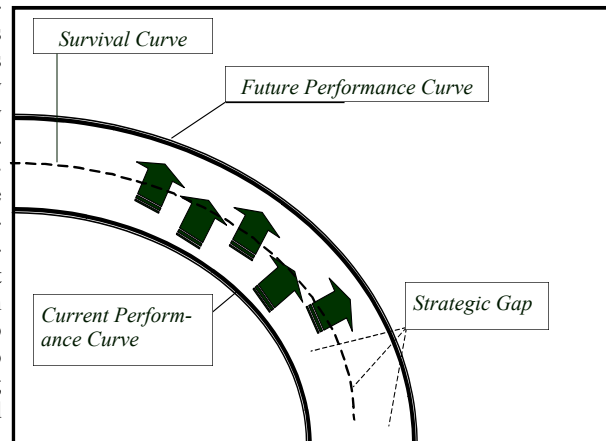
Strategic gap analysis is probably the most difficult phase in strategic planning. This is because it is the phase that requires the highest level of honesty, objectivity, self-examination and confrontation of difficult choices. The purpose of the gap analysis is to bring the test of today's reality to the dreams of tomorrow².

Strategic gap analysis is often difficult for many people as the shortcomings of today's activities in meeting tomorrow's needs are frequently seen in a highly negative light, because they are often viewed by the responsible managers as failures. This mind-set could be danger to the strategic planning process as it could encourage individuals to not openly share information about the current state. It also tends to encourage people to see current activities as being more positively positioned than they actually are.

It is critically important that this phase be structured to promote open and honest exchange of information in a non-threatening way. Board members, leadership and management must find ways to see shortcomings in current operations as opportunities for improvement, not failures in performance. The inability to achieve this perspective can undermine successful gap analysis and subsequent strategic planning.

Failure to identify all strategic gaps

and build plans to successfully bridge those gaps will minimize the organization's potential for success in plan implementation. The plan may turn out to be unrealistic once the gaps are finally identified or finding solutions to the gaps at a later time may create such substantial delays that the plan is no longer strategic once it is finally in play.



Reasons for failure in the planning phase of the strategic planning process are most commonly related to inadequate data collection and analysis, inappropriate forecasting techniques, misinterpretation of emerging trending, lack of an in-depth understanding of the competition and market, failure to understand customer buying behavior and fears⁶. A very well orchestrated gap analysis can help an organization control for these variables by uncovering critical information and variables that were

missed in the first round of discussion.

Equipment, people, dollars, and other resources are finite. Gap analysis helps to identify and quantify these shortfalls and can help to create the aspect of the plan that assures that these resources are properly committed to a pattern of allocation and utilization that will have the highest organizational payoff.

Strategic gap analysis is particularly important in the healthcare industry where activities frequently default to a survival mode. Survival is rarely strategic but frequently becomes overwhelmingly important for those close to the issues. As a result, they frequently make choices that are ultimately more costly to the organization because they represent a band-aid approach to wound care rather than corrective therapy. Strategic gap analysis is critically important in this setting as it forces a much higher level of strategic analysis, strategic forecasting and contingency plan development.

In an era of greater outside scrutiny, healthcare organizations must be making choices that will move them closer to a future performance curve. A plan that focuses only on surviving outside forces keeps the organization in a continuous state of hanging on for dear life. After a while, the sense of hopelessness that comes with this state of operations will force the organization's workforce to forego any serious efforts to make a difference.

What Are Your Organization's Value Propositions to The Community?

As healthcare organizations compete for market share and, in many situations, a shrinking market, the critical question is why should the patient choose your organization?

Crucial to survival in today's market is the ability to offer the stronger "value proposition"³ to your community and prospective patients. Value propositions are defined by the patients or community and are those features of the organization's services that prospective patients determine to meet their needs the best. Thus, they make the organization and its services the preferred choice. Value propositions are created in the mind of the patients and community based on their observations and experiences.

Understanding value propositions is extremely important to the process of strategic planning. Existing value propositions need to be dissected to better understand how to further develop them to promote even stronger relationships and to minimize the potential for dangerous tinkering. New propositions need to be identified.

Health care has experienced a great loss of consumer confidence over the past decade. To assume that patients should simply use your healthcare organization because it is in the community and it has always been there is a very dangerous attitude. One of the greatest mistakes an organization can make is to believe that discussion about value propositions is not important. It is estimated that, on average, 30% of pro-

spective patients in rural service areas bypass their local healthcare providers when seeking out care. Recent data suggests that greater than 40% of reportedly satisfied customers would change service providers without looking back if they perceived there was a benefit to them. Organizations that do not believe that the consumer is in control are organizations that risk a very precarious future.

As part of the strategic planning process, it is critical to understand who the stakeholders are in your community, how the organization intends to address the values of those stakeholders and how the organization intends bring value-added solutions to meet stakeholder needs.

What Differentiates Your Organization?

Differentiation is one of the most important business strategies in today's market but one most healthcare organizations struggle with. Differentiating is not about being creative, cute, imaginative or using puffery. Organizations must be looking for something that separates them from their competitors in the eyes of the community and prospective patients. Differentiation is about that quality or attribute that sets an organization apart from its competitors. It is about logic and creating a case that your organization is the better choice for health care. That case needs to be clear, compelling, convincing and easily validated.

In his 1990 article in the *Journal of Business Strategy*, M. Roberts termed these attributes as an organization's "strategic heartbeat". The more alike two organizations are, the more important these differences or strategic heartbeats become. Remember, people need to justify their decisions. The easiest way to do this is to identify a difference that makes an organization the better choice.

Singularity is important to differentiation. People like service providers that

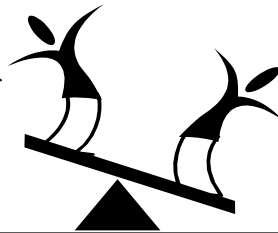
concentrate on a specific activity or product and do it well. They perceive them as experts and credit them with knowledge and experience. This becomes a strong differentiating factor. People tend to be skeptical of organizations that hold themselves out to be experts in everything. To have a reputation of "being a jack of all trades but a master of none" is a dangerous place to be in today's market.

If the goal of a good strategy is to gain a favorable position for your organization and services in the minds of your community and potential patients, using a "me too" approach in strategic planning is unlikely to produce success. If your organization looks no different than the competition, why should it be the preferred choice.

Too often, organizations market by reacting to the publicity and advertising of their competitors by saying "me too." This is a very easy and strategically dangerous trap to fall into.

If an organization can't differentiate its services from that of a competitor, there is no compelling reason to be considered the preferred choice. This is particularly true if the organization is smaller than the competitor as there are then also a number of other perceptions that create barriers and must be overcome.

A primary objective of a good strategic planning process is to identify the strengths of an organization that set it apart from its competition, the weakness of the competition that could become a competing strength and opportunities that exist to develop a new service that could become a differentiating factor. Marketing experts consistently point out that customers look for the difference that justifies their choice. A strong strategic planning process helps to identify those factors that make their choice easier.



What makes you different?

Do The Mission Statement and Strategic Plan Support Each Other?

A mission statement is a brief, clear statement of the reasons for an organization's existence, the purpose it desires to fulfill, its primary customer base, and the primary methods through which it intends to fulfill this purpose². A common mistake made in developing mission statements is for organizations to believe that the mission statement's primary purpose is that of marketing to external customers and stakeholders.

A mission statement is most powerful when its primary purpose is to bring clarity and focus to members of the organization and to give them an understanding of how what they do is tied into a greater purpose. The focus of the mission is internal to the organization and addresses the organization's fundamental reason for being. It is reflective of the values held important by the organization and provides guidance as to how business is to be conducted.

Given this purpose, it becomes readily apparent how the organization's mission statement and strategic plan must be strongly married in content and message. A strategic plan without congruence to the mission statement is a plan at great risk of

failure.

The mission statement should be revisited as part of the strategic planning process to assure that it reflects the what, how, who and why of the organization's existence. While mission statements should be relatively stable, changing market forces may require a revision of it as the organization finds it wise to change some of its core competencies.

An effective mission statement should:

1. be clear and understandable to all personnel, including rank-and-file employees;
2. be brief enough for most people to keep it in mind (less than 100 words, preferably less than 50);
3. clearly specify what business the organization is in; including what customer needs the organization is attempting to fill (not what services or products are offered), who the organization's primary customers are, how the organization plans to go about its business, and why the organization exists;

4. identify the forces that drive the organization's strategic vision;
5. reflect the distinctive competence of the organization;
6. be broad enough to allow flexibility in implementation but not broad enough to permit lack of focus;
7. serve as a template and be the means by which managers and others in the organization can make decisions;
8. reflect the values, beliefs, and philosophies of the organization;
9. be achievable and realistic enough for the organization's members to buy into; and
10. help it to serve as an energy source and rallying point for the organization.

While the mission statement brings clarity and vitality to the organization, the strategic planning process defines how that statement is translated into meaningful action.²

The Importance of Environmental Scanning

SWOT (strengths, weakness, opportunities and threats) analysis is a critically important activity in any environment, but particularly in one where change and external forces are as prevalent as they are in health care. While the analysis of strengths and weaknesses focus on internal aspects of an organization, opportunities and threats are key considerations of the external environment.

It is currently projected that the technological growth we will experience in the next decade will match what was seen in the past century. Changes in today's healthcare environment are occurring at exponential speed. Regulatory and legislative pressures continue to come at breakneck speed (consider the implications of HIPAA) while resources continue to shrink.

Environmental scanning has never been more important to the strategic planning process than it is today. Four environments should be scanned on a regular basis:

1. The macro environment (governmental, financial, business)
2. The industry environment (legislative, regulatory, financial, technological)

3. The competitive environment (like competitors, single-focus competitors, creative crossovers, and hybrids)

4. The internal environment (changes in structure, culture, climate, productivity, and distinctive strengths and weaknesses).²

Environmental scanning is an important step to effective strategic analysis and forecasting. Without access to information about the environment in which the organization operates, there is an increased chance of an organization making bad choices. In an environment where resources are finite, time and money are the commodities of the day. Organizations need to maximize their potential of making the right choices the first time and in a timely manner.

The most neglected consideration in most strategic planning activities is that of an organization's competition. Organizations frequently over or under-estimate the strengths and weaknesses of their opposition. As a result, opportunities are missed and threats are neglected. Too often organizations take on the attitude that "if they build it, the patients will come" without taking into consideration the drawing power of their competition and what it will

take to create a stronger value proposition.

Important considerations in scanning the macro and industry environments are technological growth trends and barriers to plan implementation. If the strategic plan involves implementation of high-tech technology, what is the projected life of the equipment before it is no longer state-of-the-art, how long will it take to complete all the hurdles to get it up and running, how long will it take to build a patient volume to achieve needed revenues and are the skills necessary to make the service successful readily available. Another important consideration is regulatory and licensing barriers. What are they? How long do they take? Are there any steps that might be problematic for the organization? Then there are a whole host of financial and financing questions.

Too often, organizations have implemented very costly services too late for them to be strategically successful. Today's strategic plans must protect organizations from surprises and unanticipated delays.

Cultural Analysis: Making or Breaking Strategic Success.

Every organization has a set of values and a culture that defines the organization and how it conducts business. One of the most common mistakes made in strategic planning is to ignore that culture and assume that the employees will simply step up to the plate and do what must be done for plan success.

A value is an enduring belief that a specific mode of conduct or end-stage of existence is personally or socially preferable to an opposite or converse mode of conduct.² This enduring set of beliefs determines the behaviors that both individuals and organizations consider to be appropriate and inappropriate and determines the norms or standards of conduct within organizations.

The culture is best defined as (1) a pattern of basic assumptions, (2) invented, discovered, or developed by a given group, (3) as it learns to cope with its problems of external adaptation and internal integration, (4) that has worked well enough to be considered valid and, therefore, (5) is taught to new members as the (6) correct way to perceive, think, and

feel.² The culture reflects the workforce's learned or developed way of coping with its environment and is very difficult to change as there is a level of comfort and security in that accepted way of acting.

These values and cultural norms define the organization's heroes, rites, rituals, standards of conduct (both formal and informal) and taboos. If the strategic focus or activities of an organization challenges any of these values or cultural norms, the plan has a much greater potential for failure if the plan does not include a set of actions to change or accommodate these values and culture.

Cultural norms and values are very difficult to change, even when it is obvious that they are no longer in the best interest of survival because there is a sense of security and control within the safety of their bounds.⁷ Value-related behaviors are often the most difficult to change as they are tied to a belief system of what is right and wrong.

For example, if an organization suddenly shifts its reward systems from rewarding for longevity to recognizing productivity and creativity, the new system flies in the face of what has traditionally been viewed as an important value. Suddenly, the workforce is pushed out of their comfort zones as those behaviors that had been the focus of great pride are placed in question. If a longevity employee can not meet the new criteria for innovation, creativity and productivity, resentments build and new risks to the plan can surface.

"No amount of sophistication is going to allay the fact that all your knowledge is about the past and all your decisions are about the future."

Thomas Peters

Strategic planning is critical to an organization's future and should not be abandoned for preservation of the historical values and cultures. A well structured plan will include the steps to overcoming these barriers and building a new culture and value set that will carry the organization to success.

Honesty, Objectivity and Communication: Strategic Planning Absolutes

Strategic planning in today's environment can be an extremely stressful process. Boards are required to have a much higher level of understanding about operations, environmental factors, and SWOT analysis; leaders are required to share a much greater level of information; leaders must involve a wider range of people in decision-making processes; leaders and managers must openly admit that they don't have all the answers; and everyone involved in the process must have a higher comfort level with imperfection and searching for better ways of performing.

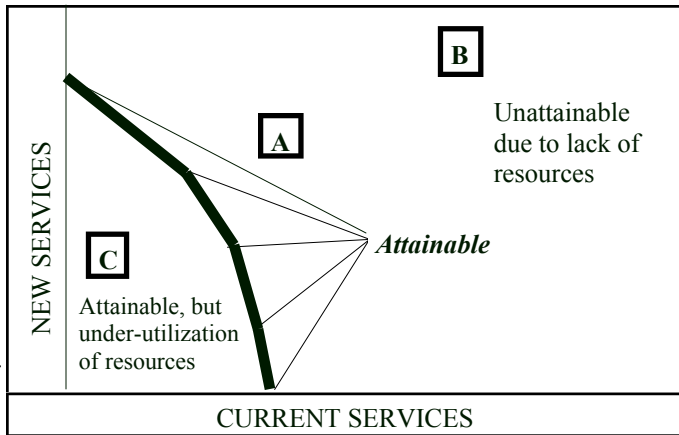
This means a greater level of comfort with uncertainty and recognizing what goals are achievable versus unachievable. It means a change in approach from one of viewing discussions about weaknesses and

threats as failures to one of viewing these discussions as opportunities to create improvements and exercise alternate options.

Strategic planning needs to be a continuous process that involves regular SWOT analysis of the existing plan and recycling through the critical steps of environmental analysis, cultural analysis, gap analysis, strategic analysis, forecasting and plan implementation. This continuous loop

requires a high level of communication and objectivity if the strategic plan is to remain on course. Everyone involved in the process must have a greater comfort level with conflict management. Too often, poor choices are made because it is easier to concede to a poor plan than it is to work through the conflict that can lead to consensus and better choices.

Open, non-threatening discussions need to be held about plan options such as lengthening the time frame for accomplishing some objectives; reducing the size or scope of the objectives; reallocation of resources to achieve the goals; or obtaining new resources. A key point to remember in strategic planning is that the planning is a purely academic activity unless it is implemented and successfully executed.



Is Marketing Part of Your Strategic Plan?

Like most other service industries, healthcare organizations are competing for market share. Satellite clinics, free-standing ambulatory surgery centers, walk-in urgent care centers, and a whole host of different providers change the face of the local healthcare environment on a regular basis. As it does not appear that this trend will end soon, healthcare organizations will continue to be at serious risk for loss of market share.

Loyalty is not what it once was. American people love to root for the underdog but usually buy from the perceived leader. Recent data suggests that greater than 40% of reportedly satisfied customers would change service providers without looking back if they perceived there was a benefit to them. The days of loyalty to the local healthcare provider simply because it is a part of the community are fading fast.

If healthcare providers are to stop the outmigration of patients from their service areas and recover some of those lost in the past, they need to give patients a reason to keep their health care local. Knowing and loving our patients are givens. These qualities are not reasons to hold them these

days.

Healthcare organizations must achieve a prominent position in the minds of their communities and prospective patients if they are to be the preferred provider. The contest for market share becomes a difficult one because it is a struggle that takes place in the minds of the prospective patients. The outcome of a successful effort is that the patient remembers your organization as their preferred choice.

This is an important aspect of a successful strategic planning process. The mind is a very insecure place. People are afraid of making a mistake so they tend to error on the side of caution. More than striving to make a superior choice, they simply want to avoid making a bad one. This concern is heightened when it involves health care as a bad choice can result in death or disability.

Because patients are limited in their

ability to make an informed judgement about the quality of health care, they are not easily swayed. As John Kenneth Galbraith pointed out, when the average person is faced with the choice of changing one's mind and proving that there is no need to do so, most people get busy on the proof.

A strong strategic planning process includes a marketing program that presents prospective customers (internal and external) with the information necessary to develop the desired perception and for the healthcare organization to hold a favored position in the minds of these individuals. The plan can not be limited to telling people that they should use

your services, that the services exist or how great your organization is. The marketing plan must focus on giving them a reason that justifies their decision to use the services.



The jury of public opinion

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*“Success comes from having
the proper aim as well as the
right ammunition”*

Recommended Reading Materials:

1. *Mission Impossible* by Ken Blanchard & Terry Waghorn, 1997.
2. *Applied Strategic Planning* by Leonard D. Goodstein, Timothy M. Nolan, J. William Pfeiffer, 1993.
3. *The Balanced Score Card* by Robert S. Kaplan & David P. Norton, 1996.
4. *The Strategy Focused Organization* by Robert S. Kaplan & David P. Norton, 2001.
5. *20/20 Foresight; Crafting Strategy in an Uncertain World* by Hugh Courtney, 2001.
6. *Sacred Cows Make the Best Burgers* by Robert Kriegel & David Brandt, 1996.
7. *Who Moved My Cheese* by Spencer Johnson, M.D., 1998.

Working in the Change-Ready Zone

True organizational success can only be achieved if there is a clear understanding of the resources necessary, the challenges faced, the opportunities possible and there is committed effort to achieve success oriented balance. Too often, the demands of today's healthcare environment force organizations into a state of serious imbalance. A well-structured strategic planning process can help an organization to find and maintain that needed level of balance.

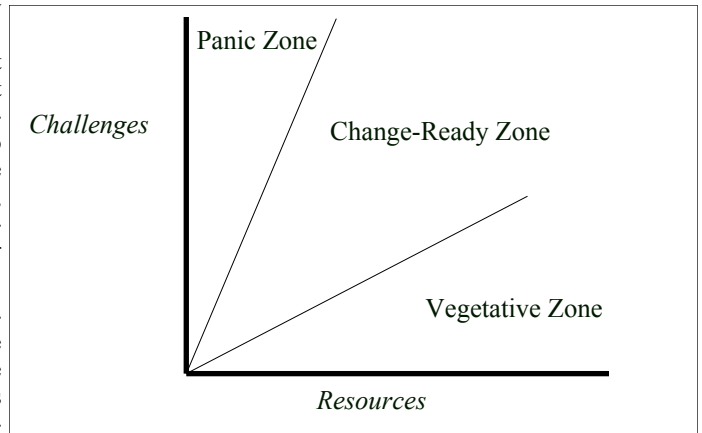
For many providers, the challenges they face significantly outweigh the resources available. As a result, these organizations struggle to take advantage of opportunities and often function on a daily basis in the Panic Zone. In their book, Robert Kriegel and David Brandt point out that organizations that operate for too long in the Panic Zone face high levels of stress, frequent burnout, declining quality, and a higher level of errors.⁶

A good strategic planning process creates the structure to manage the organization's resources while keeping the activities moving along in the "Change-Ready Zone." Kriegel and Brandt describes "being in the zone" as creating the environment where all a person's innate potential is turned into maximum performance and effectiveness while dealing with the pressure of change by balancing the level of challenge with the level of resources. For an organization, it means taking the collective abilities and potential of all the resources available to the organization and focusing them for strategic success.

Kaplan and Norton's work supports the

fact that creating a strong strategic plan and the necessary supporting management can help to keep organizations out of the Panic Zone and in a change-ready state. These efforts require a focus on high quality services, strong internal operations, skilled and motivated staff and moving from traditional financial management techniques to strategic financial management.³ It allows greater control of the many variables that can force an organization into the Panic Zone. It promotes creativity and outcome oriented activities.

Keeping challenges, opportunities and



resources more closely matched is critical when introducing change and is the primary role of the strategic planning process. Too often, strategic plans focus on creating change without any real consideration of resources. The resulting activity is to heap more responsibility onto plates that are already full and often overflowing. The resulting failure not only negatively impacts the ability of the organization to move forward, but frequently results in a further decline and reduction in available resources.

“From Common Sense to Health Cents”
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