

Introduction to Strategic Planning

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Objectives

- Review the “Why” and “What” of strategic planning
- Present how to organize a planning process
- Learn the components of strategy development
- Discussion/practice
- Introduce key factors for successful implementation



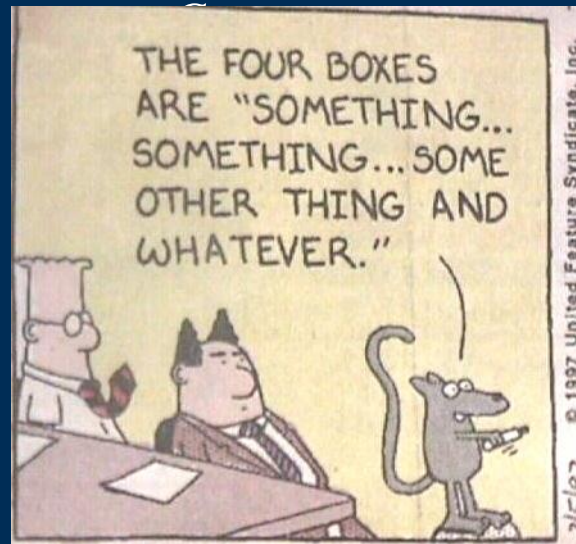
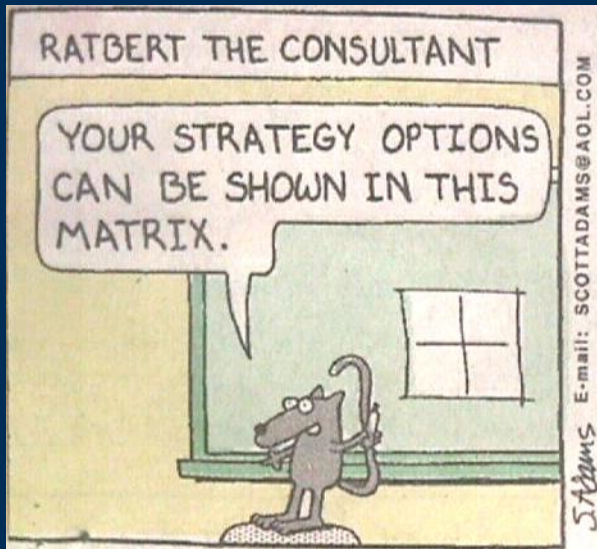
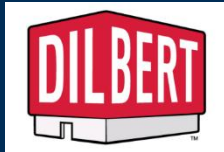
What Is Strategic Planning – And Why Plan?

“I have aplan”



“We should hire a consultant.”

From



Four Simple Questions

- Where is the organization today?
- Where should the organization be in the future?
- How should the organization get there?
- Is the organization getting there?



Why Plan?



Why Plan?

- *“We need to determine areas of excellence in which to invest.”*
- *“We need to be competitive to attract new faculty.”*
- *“We always seem to manage to the latest crises.”*
- ?



Why Plan?

- Change
- Engagement
- Structure
- Measurement/Assessment
- Results!



Four Simple Questions

Where is the Organization Today?

Where Should the Organization Be in the Future?

How Should the Organization Get There?

Is the Organization Getting There?

Mission & Values

Environment

Vision & Goals

Strategic Initiatives

Operating Plans

Metrics/
Assessment

Strategic Plan

Michael Porter on Successful Strategy

- Strategy focuses on unique activities/functions
- Focus on doing things that are different from competitors, or doing similar things in different ways
- Sustaining a strategic position requires trade-offs – “what not to do” as much as “what to do”
- More of one thing means less of another



Getting Organized: Who, How and When

Strategy Development

**Getting
Organized**

**Environmental
Assessment**

**Vision
and Goals**

**Strategic
Initiatives**

**Operating
Plans**

**Approval,
Implementation
& Assessment**



Who Is Involved?

- Who are the important stakeholders/leaders who would approve or devote resources to the plan?
- Who will provide the vision and drive our future direction?
- What departments, divisions, institutions need to be represented?
- Which faculty and staff should provide input or help shape strategy?
- Do we need to engage people more broadly? How will we do this?

How Will We Manage the Process?



Are We There Yet?

Phase I:

Environmental Assessment

Phase II:

Vision, Goals

Phase III:

Strategy Development

Phase IV:

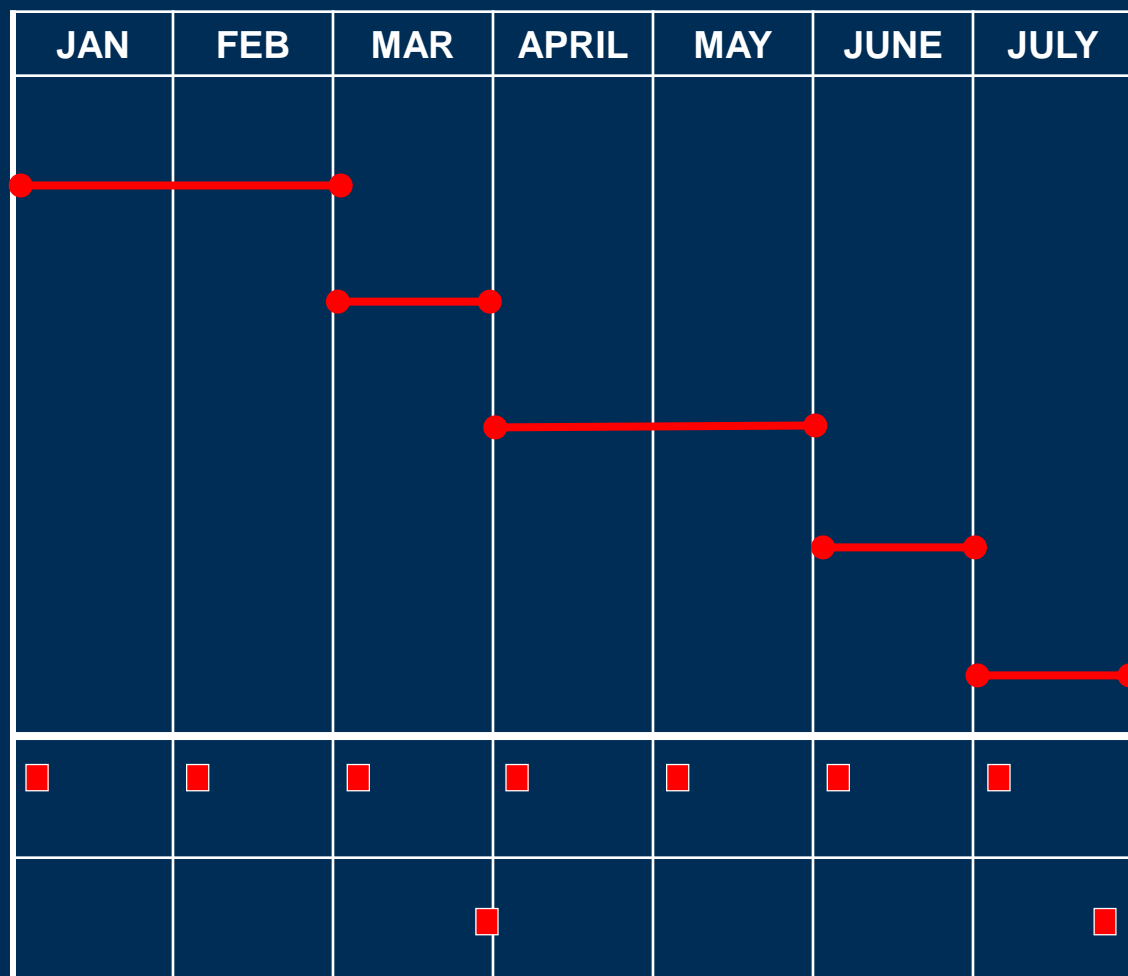
Draft Plan and Implementation
and Operating Plan

Phase V:

Finalize Plan/Obtain Approval

**Steering Committee
Meetings**

**Plan Presented to Board for
Approval**



Getting Organized: Checklist

- ☑ **Clarify Expectations**
 - Timing
 - Key people to be involved (and how)
 - Key components of the product
- ☑ **Assess Current Organizational Situation**
 - Culture
 - Stability
 - Standard approaches to similar processes
- ☑ **Establish Steering Committee to Oversee Plan Development**
- ☑ **Develop Work Plan**
 - Identify tasks
 - Assign peopleDetermine deadlines
- ☑ **Preliminary Resource Constraints**
 - Will additional resources be available for any “growth” strategies?

Assessing the Environment



Strategy Development

Getting Organized

Environmental Assessment

Vision and Goals

Strategic Initiatives

Operating Plans

Approval, Implementation & Assessment



Environmental Assessment



Key Questions

- What are the macro trends impacting our mission?
- What are our opportunities and threats?
- What is the competitive landscape?
- What are our strengths and weaknesses?
- What are the key statistics we want to track on a regular basis?
- What can we learn from others about ourselves?



External Assessment

- Technology trends (in care delivery, education, research)
- Regulatory/Accreditation requirements
- Economic development (new roads, developments, etc.)
- Key competitors (local and national)
- Demographic trends
- New/potential market entrants
- Rankings/Consumer preference studies
- Research funding trends
- Pharmaceutical/technological trends

Internal Assessment

- Faculty profile (gender, diversity, age)
- Trends in research funding, publications and technology transfer
- Key Clinical Indicators (patient volumes, market share, quality indicators)
- Financial profile and performance
- Satisfaction Surveys (patient, physician, and employee)
- Qualitative comments on:
 - Strengths/weaknesses of key departments and the organization
- Facilities and technology (including IT)

Assessment Tools

- Interviews
- Benchmarking with other institutions
- Surveys
- Crowd sourcing/social media



Critical Components

Data:

- ✓ examined at a detailed level, but
- ✓ presented in summary fashion
- ✓ with minimal impact on strategic situation of the should be excluded

Assessment that tells a story:

- ✓ does not just present a series of factoids
- ✓ does not just show how much analysis has been conducted

Conclusion that narrows various strategic options

Strengths, Weaknesses, Opportunities, Threats (SWOT)

STRENGTHS

Current advantages

Build
Leverage
Maintain

WEAKNESSES

Current deficiencies

Remedy
Eliminate

OPPORTUNITIES

Known possibilities to strengthen and/or improve your program

Prioritize
Maximize

THREATS

Possible external events that could harm your program

Counter
Reduce

Resource: [Templates on AAMC GIP website](#)

Creating and Implementing Strategic Plans Workshop

Key Conclusions and Implications

Flat research funding from traditional sources

- Flat NIH funding
- ↑ Multidisciplinary research
- ↑ Clinical research



- ↑ Competition for strong faculty
- ↑ Competition for projects
- ↑ Access to new research funding sources
- ↑ Maximize research efficiency.



Strategic Direction



Strategy Development

Strategic Direction

Getting Organized

Environmental Assessment

Vision and Goals

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Every person takes the limits of their own field
of vision for the limits of the world.

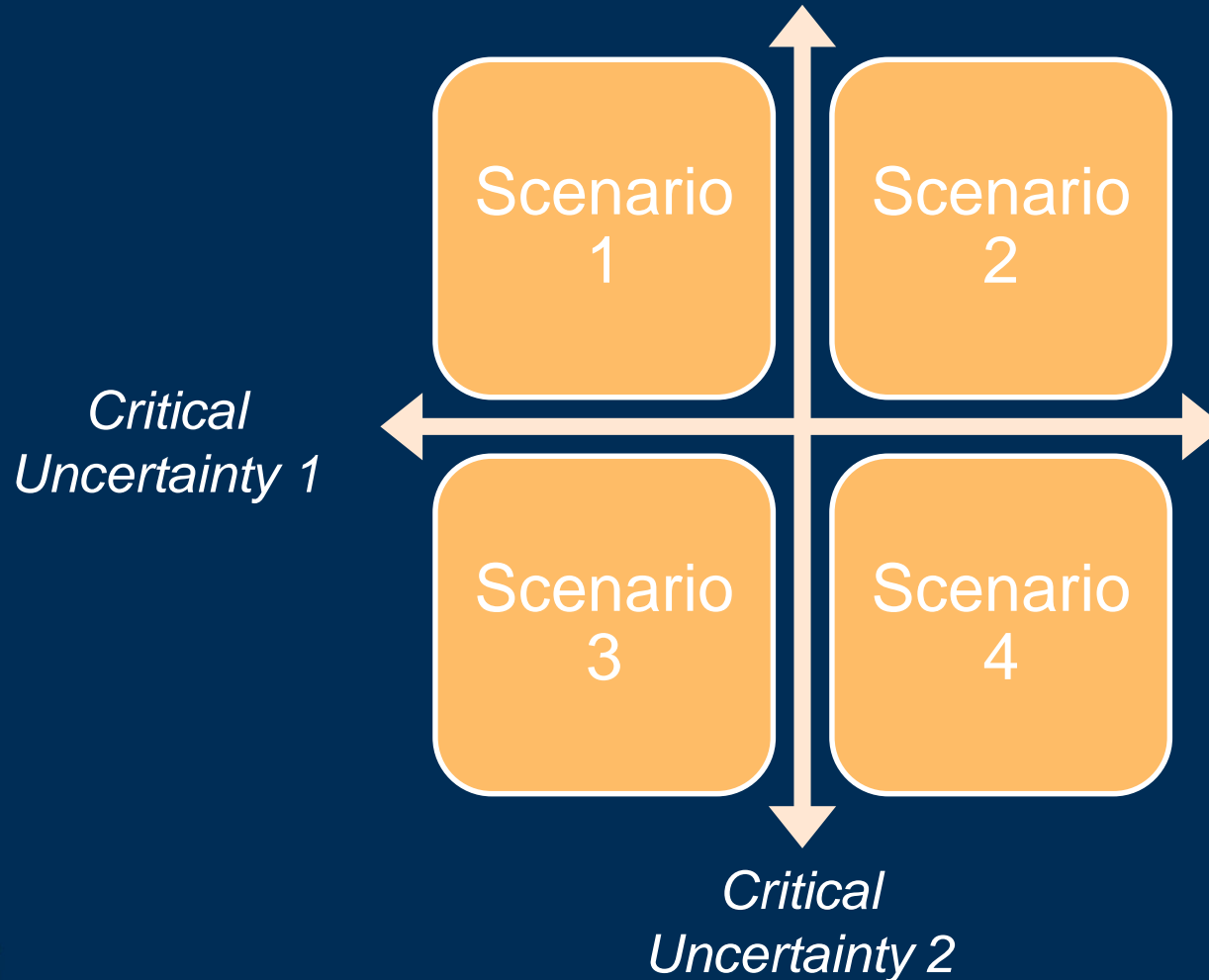
Arthur Schopenhauer



Things Change

- ***“640K [of RAM] ought to be enough for anybody”***: Bill Gates, 1981
- ***“President George W. Bush will propose a National Institutes of Health (NIH) budget of \$27.3 billion, a rise of almost 16% that represents a doubling since 1998”***: Science Now, Jan. 25, 2002
- ***“TV won’t last”***: Darryl F. Zanuck, 1946

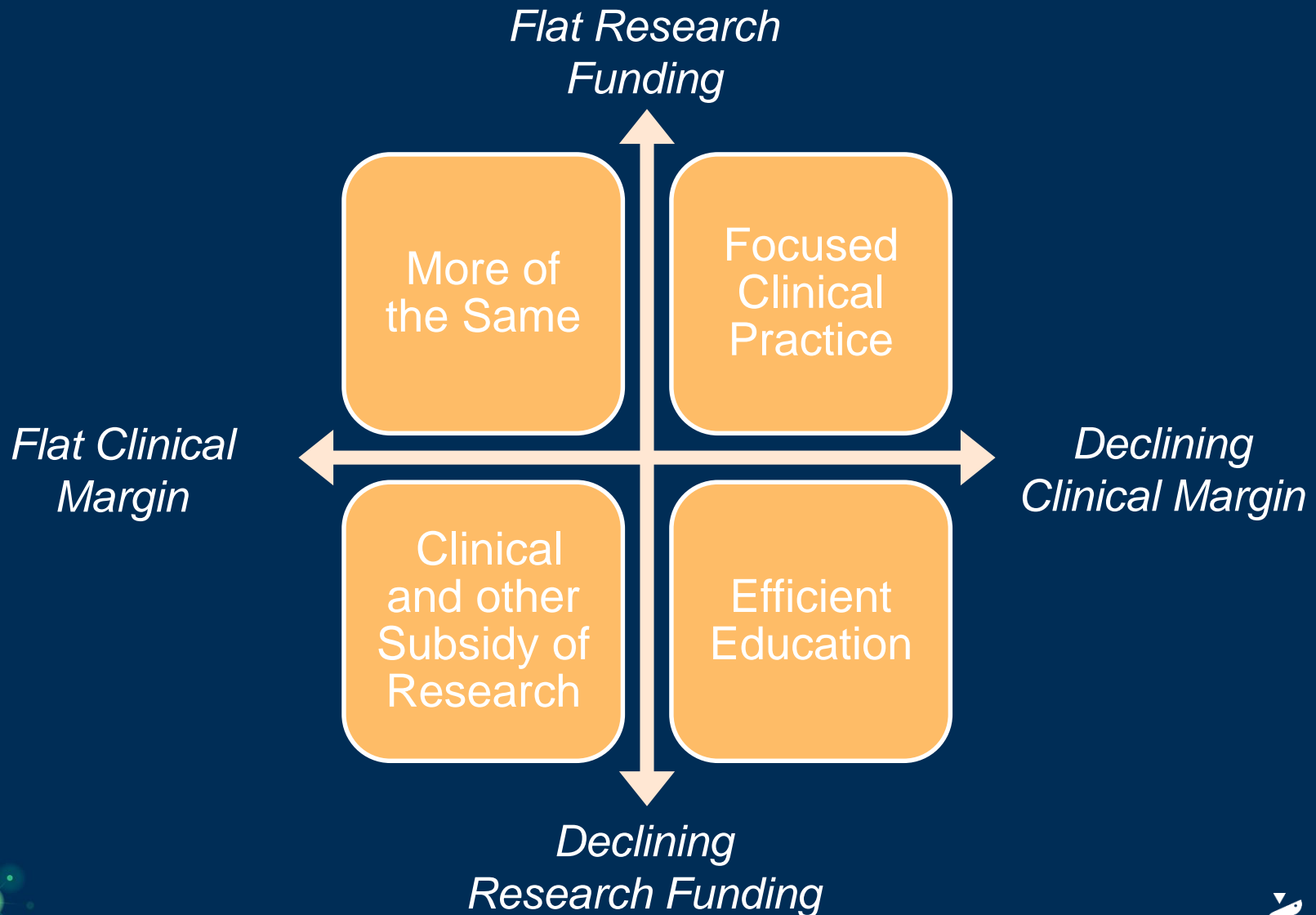
Thinking About Uncertainty



Source: "Introduction to Scenario Planning": Maree Conway, AAMC Website

Creating and Implementing Strategic Plans Workshop

Scenario Planning



Approaches to Strategic Direction

- **Robust** – Perform well over full range of futures
- **Flexible** – Hedge, keep options open, wait
- **Multiple** – Pursue strategies simultaneously until future becomes clear
- **Gambling** – Select a strategy that works very well but only in 1-2 scenarios

Source: “Introduction to Scenario Planning”: Maree Conway, AAMC Website

Creating and Implementing Strategic Plans Workshop

Structure

- Each statement lays the foundation for the next



Vision

- Answers the question: **What do we aspire to become?**
- Emphasizes a **longer term** view and is **future focused**



Vision Statement/Elements

VISION ELEMENTS

- World leader in discovery and innovation
- Set standards for service excellence and quality
- Strong and creative physician and employee partnerships and relationships

VISION STATEMENT

Washington University Physicians will be recognized as a world leader in innovative, highest quality medical care. We will set a new standard for delivering compassionate, respectful, responsive patient care. We will create an environment that will attract and support the most highly talented physicians and staff.

Goals

- **Support** the vision statement
- Generally **shorter term** – 3-5 years
- **Framework** by which strategies and tactics will be developed
- Can be **monitored** for success, over time
 - Define metrics to measure achievement
- Primary **link** to management or operational plans



Vision and Goals

VISION:
*#1 in local market and
Premier Provider
of Select Tertiary
Care Services*

A. Clinical Excellence

Develop clinical excellence by offering an array of strong core services and select regional programs.

B. Dominant Community Provider

Become the market leader in the Primary Service Area (PSA)

C. Solid Financial Performance

Focus on select growth opportunities which improve ABC financial strength while maintaining a low cost position.

D. Academic Excellence

Strengthen the academic enterprise by focusing on excellence in biomedical research and teaching.

Goals and Metrics

<u>Critical Success Factor</u>	<u>Goals</u>	<u>Metrics</u>	<u>Current Situation</u>
Market Position →	<ul style="list-style-type: none"> • Market leader in both volume and market share 	<ul style="list-style-type: none"> • 20% local market share • 5% regional market share 	<ul style="list-style-type: none"> • 16% local share • 4% regional share
Clinical Program Dominance →	<ul style="list-style-type: none"> • “Known” for 3 - 4 key services • Top 20 in NIH Funding 	<ul style="list-style-type: none"> • >50% market share in key programs • 3 - 4 programs “dominant” in market 	<ul style="list-style-type: none"> • Cancer Center
Top Academic Performance →	<ul style="list-style-type: none"> • Top 20 in NIH Funding 	<ul style="list-style-type: none"> • Targets: RO1 per faculty • Hit “Top 20” NIH Rank 	<ul style="list-style-type: none"> • No. 26 in NIH funded Schools of Medicine
Financials →	<ul style="list-style-type: none"> • Superior Financial Performance <ul style="list-style-type: none"> - Low cost - Strong operating management 	<ul style="list-style-type: none"> • Lowest cost tertiary provider • Operating margin = 7% 	<ul style="list-style-type: none"> • UHC top 5 %ile cost/pt day • Operating Margin = 3%

Structure

- Each statement lays the foundation for the next



Goals and Strategic Initiatives

GOALS	STRATEGIC INITIATIVES
GOAL #A:	
Clinical Excellence	A-1: Fill gaps/strengthen core clinical services to solidify/improve community/regional market position and create necessary foundation to achieve over all clinical excellence.
Offer an array of strong clinical services and select regional programs	A-2: Create 2-4 true regional programs which will have significant regional market position. A-3: Link with community hospital ACOs to develop partnership/relationships which can feed tertiary care services. A-4: Develop communication plan to create awareness of clinical services to our internal and external constituents

Operating/Implementation Plans and Approval



Strategy Development



Implementation Tasks

- **Support** the plan goals
- **Specific actions** with operating implications
- Level at which **accountability** can be assigned
- **Resource needs** can be assessed



Implementation and Operating Plans

STRATEGIES/TACTICS	TARGET DATE	PERSON(S) RESPONS.	RESOURCES REQUIRED
1. Link with Community Hospital ACOs to develop network for tertiary services			
1.1 Assess necessary IT/EMR infrastructure		A. Jones	\$50,000
1.2 Approach existing partners		M. Smith	
1.3 ETC.			

Resource Approval

- Utilize the approval process identified at the outset
- Essential to get buy in from all parties and provide ample opportunities for discussion, questions, etc.
- Develop the necessary financial case for plan approval



Measuring and Monitoring

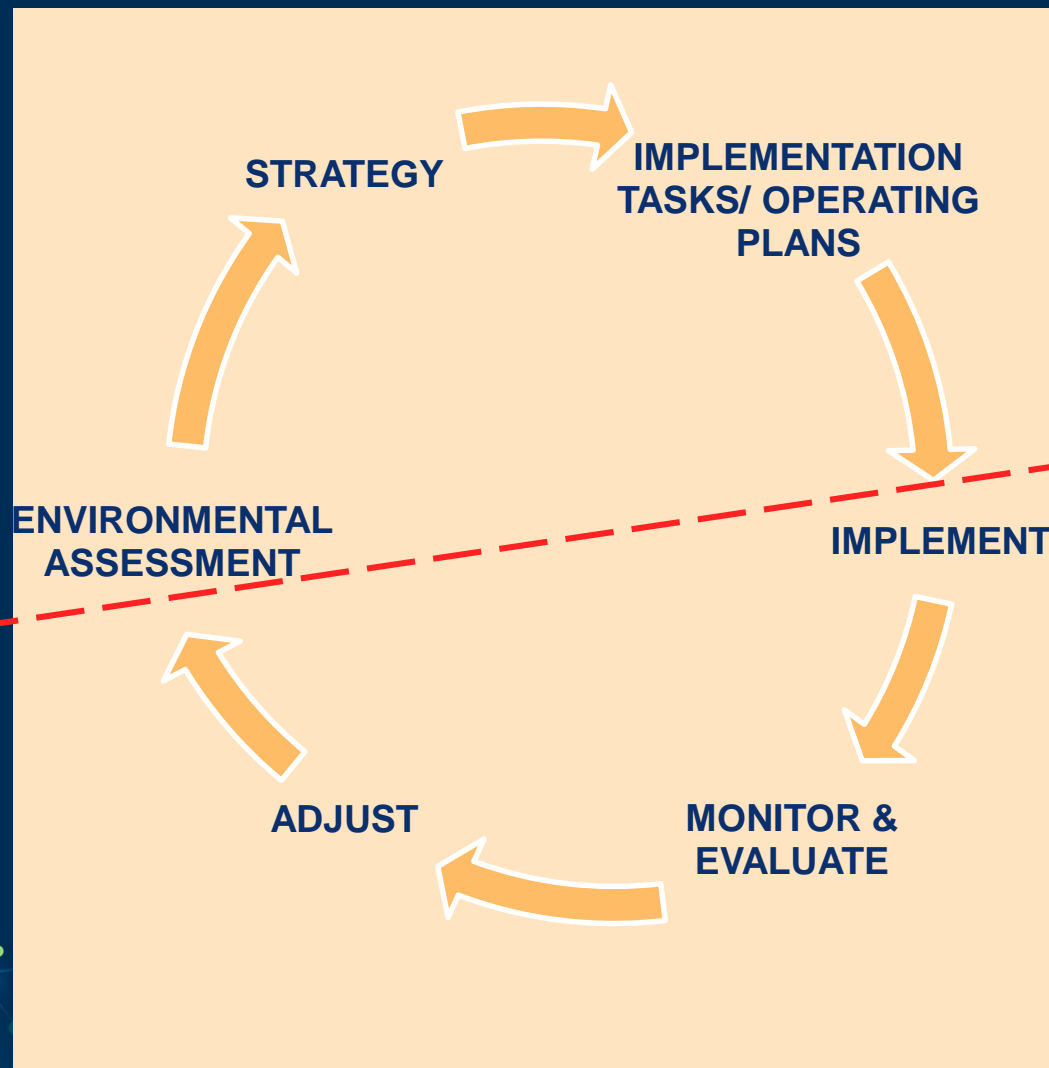


Strategy Development



Implementing and Monitoring the Plan

- Planning is On-going, Continuous Process



- What we have discussed

- Successful execution is the key

- Balance between strategic and operational pressures must be maintained

Execution is Difficult

		<u>Right Strategy?</u>	
		YES	NO
<u>Ability to Implement?</u>	NO	64%	16%
	YES	16%	4%

Source: KPMG

Successful Implementation

- **Communicate**

- There is no such thing as “over-communicating” the Plan
- Key constituents should be familiar with organization’s future strategic direction



Successful Implementation

- Establish implementation **processes** and **accountabilities**
- Keep important **metrics** in front of stakeholders
- Establish links to annual, unit level **operating plans** and **budgets**
- Continually address issues as they arise and make the **tough choices**



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Questions?

And THANK YOU!

