Creating and Implementing Strategic Plans Workshop

Introduction to Strategic Planning

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Washington University in St. Louis
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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 a ....plan”
“We should hire a consultant.”

From

[Cartoon image from DILBERT]

RATBERT THE CONSULTANT

YOUR STRATEGY OPTIONS CAN BE SHOWN IN THIS MATRIX.

THE FOUR BOXES ARE “SOMETHING... SOMETHING... SOME OTHER THING AND WHATEVER."

IN PHASE TWO I HOPE TO TURN THIS MATRIX INTO CONCENTRIC CIRCLES WITH LABELS AND ARROWS.

I’M UNDER THE CONSULTANT’S SPELL.
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

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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?

- **OVERSIGHT/APPROVAL COMMITTEE**
  - Institutional Leaders
    - Direction/Resource Approval

- **STRATEGIC PLANNING STEERING COMMITTEE**
  - Chairperson and Key Representatives
    - Buy-In and Drive Direction

- **STRATEGY DESIGN TEAMS**
  - More “Front Line” Faculty/Staff – Key Input

*Project Manager*
## 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

<table>
<thead>
<tr>
<th>Steering Committee Meetings</th>
<th>JAN</th>
<th>FEB</th>
<th>MAR</th>
<th>APRIL</th>
<th>MAY</th>
<th>JUNE</th>
<th>JULY</th>
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<td>✓</td>
<td>✓</td>
<td>✓</td>
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</tr>
</tbody>
</table>

**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 people
  Determine 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

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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)

<table>
<thead>
<tr>
<th><strong>STRENGTHS</strong></th>
<th><strong>WEAKNESSES</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current advantages</td>
<td>Current deficiencies</td>
</tr>
<tr>
<td>Build</td>
<td>Remedy</td>
</tr>
<tr>
<td>Leverage</td>
<td>Eliminate</td>
</tr>
<tr>
<td>Maintain</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>OPPORTUNITIES</strong></th>
<th><strong>THREATS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Known possibilities to strengthen and/or improve your program</td>
<td>Possible external events that could harm your program</td>
</tr>
<tr>
<td>Prioritize</td>
<td>Counter</td>
</tr>
<tr>
<td>Maximize</td>
<td>Reduce</td>
</tr>
</tbody>
</table>

**Resource:** [Templates on AAMC GIP website](http://example.com)
**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
- Strategic Initiatives
- Operating Plans
- Approval, Implementation & Assessment

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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

Scenario 1

Scenario 2

Scenario 3

Scenario 4

Critical Uncertainty 1

Critical Uncertainty 2

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

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Scenario Planning

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Flat Research Funding

More of the Same

Focused Clinical Practice

Declining Clinical Margin

Flat Clinical Margin

Clinical and other Subsidy of Research

Efficient Education

Declining Research Funding
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
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 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.

**VISION ELEMENTS**

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

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

<table>
<thead>
<tr>
<th>Critical Success Factor</th>
<th>Goals</th>
<th>Metrics</th>
<th>Current Situation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market Position</strong></td>
<td>• Market leader in both volume and market share</td>
<td>• 20% local market share</td>
<td>• 16% local share</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 5% regional market share</td>
<td>• 4% regional share</td>
</tr>
<tr>
<td><strong>Clinical Program Dominance</strong></td>
<td>• “Known” for 3 - 4 key services</td>
<td>• &gt;50% market share in key programs</td>
<td>• Cancer Center</td>
</tr>
<tr>
<td></td>
<td>• Top 20 in NIH Funding</td>
<td>• 3 - 4 programs “dominant” in market</td>
<td></td>
</tr>
<tr>
<td><strong>Top Academic Performance</strong></td>
<td>• Top 20 in NIH Funding</td>
<td>• Targets: RO1 per faculty</td>
<td>• No. 26 in NIH funded Schools of Medicine</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Hit “Top 20” NIH Rank</td>
<td></td>
</tr>
<tr>
<td><strong>Financials</strong></td>
<td>• Superior Financial Performance</td>
<td>• Lowest cost tertiary provider</td>
<td>• UHC top 5 %ile cost/pt day</td>
</tr>
<tr>
<td></td>
<td>- Low cost</td>
<td>• Operating margin = 7%</td>
<td>• Operating Margin = 3%</td>
</tr>
<tr>
<td></td>
<td>- Strong operating management</td>
<td></td>
<td></td>
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</tbody>
</table>
Structure

• Each statement lays the foundation for the next
## Goals and Strategic Initiatives

<table>
<thead>
<tr>
<th>GOALS</th>
<th>STRATEGIC INITIATIVES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GOAL #A:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Clinical Excellence</strong></td>
<td>A-1: Fill gaps/strengthen core clinical services to solidify/improve community/regional market position and create necessary foundation to achieve overall clinical excellence.</td>
</tr>
<tr>
<td>Offer an array of strong clinical services and select regional programs</td>
<td>A-2: Create 2-4 true regional programs which will have significant regional market position.</td>
</tr>
<tr>
<td></td>
<td>A-3: Link with community hospital ACOs to develop partnership/relationships which can feed tertiary care services.</td>
</tr>
<tr>
<td></td>
<td>A-4: Develop communication plan to create awareness of clinical services to our internal and external constituents.</td>
</tr>
</tbody>
</table>
Operating/Implementation Plans and Approval
Strategy Development

Getting Organized → Environmental Assessment → Vision and Goals → Strategic Initiatives → Operating Plans → Approval, Implementation & Assessment

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Implementation Tasks

- Support the plan goals
- Specific actions with operating implications
- Level at which accountability can be assigned
- Resource needs can be assessed
<table>
<thead>
<tr>
<th>STRATEGIES/TACTICS</th>
<th>TARGET DATE</th>
<th>PERSON(S) RESPONS.</th>
<th>RESOURCES REQUIRED</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Link with Community Hospital ACOs to develop network for tertiary services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1 Assess necessary IT/EMR infrastructure</td>
<td></td>
<td>A. Jones</td>
<td>$50,000</td>
</tr>
<tr>
<td>1.2 Approach existing partners</td>
<td></td>
<td>M. Smith</td>
<td></td>
</tr>
<tr>
<td>1.3 ETC.</td>
<td></td>
<td></td>
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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

Getting Organized → Environmental Assessment → Vision and Goals → Strategic Initiatives → Operating Plans → Approval, Implementation & Assessment
Implementing and Monitoring the Plan

• Planning is On-going, Continuous Process

- Strategy
- Implementation Tasks/Operating Plans
- Implement
- Monitor & Evaluate
- Adjust
- Environmental Assessment

• What we have discussed
• Successful execution is the key
• Balance between strategic and operational pressures must be maintained
# Execution is Difficult

## Right Strategy?

<table>
<thead>
<tr>
<th>Ability to Implement?</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>NO</td>
<td>64%</td>
<td>16%</td>
</tr>
<tr>
<td>YES</td>
<td>16%</td>
<td>4%</td>
</tr>
</tbody>
</table>

*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
## Four Simple Questions

<table>
<thead>
<tr>
<th>Question</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Where is the Organization Today?</td>
<td>Focuses on the current state of the organization.</td>
</tr>
<tr>
<td>Where Should the Organization Be in the Future?</td>
<td>Identifies the desired future state of the organization.</td>
</tr>
<tr>
<td>How Should the Organization Get There?</td>
<td>Specifies the strategies and initiatives needed to achieve the future state.</td>
</tr>
<tr>
<td>Is the Organization Getting There?</td>
<td>Monitors progress towards the desired future state.</td>
</tr>
</tbody>
</table>

### Strategic Plan Components

- **Mission & Values**
- **Environment**
- **Vision & Goals**
- **Strategic Initiatives**
- **Operating Plans**
- **Metrics/Assessment**

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Questions?

And THANK YOU!