

Part 1: Developing Your Strategic Plan

Part I of a series on strategic planning offers key pointers on developing a strategic plan that will help you accomplish and even exceed your practice goals.

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Health care is in a constant state of flux. Reimbursement and patient delivery systems, emerging technology, and competitive influences continually create new challenges for health care providers. The process of developing a business plan can bring clarity and objectivity to assessing the impact of these and other market dynamics. At the same time, the business planning process will provide a greater assurance of more efficient utilization of a practice's human and capital resources. Ultimately, the process will bring order, discipline, and focus to practice stakeholders, increasing the likelihood of meeting or exceeding practice goals.

The Process

Developing a long-term business or strategic plan requires examining and evaluating options for the future of your practice. The resulting document can be contrasted with an operating or marketing plan, which focuses on near term (i.e. one year) objectives instead of long-term goals. Although the plans will differ in content, there should be linkage between the plans. In other words, short-term initiatives should relate in some way to assisting the practice in fulfilling its vision and meeting its longer-term goals.

The strategic plan should address the following questions:

- *What do I (we) want the practice to be like in a few years?*
- *What types of products or services do we want to emphasize?*
- *How many and what mix of providers do we envision in the future?*
- *What environmental changes are occurring that may affect the practice in the future?*
- *What things need to be done now (i.e. skills acquisition, facility enhancement, staff development, etc.) in order to be successful in the coming years?*

Answering these questions will assist you in developing an awareness of the long-range implications of short-term events or emerging trends. This is the essence of thinking strategically. Most practices have a tendency to think too tactically and often lack perspective on how short-term issues or opportunities fit within the context of the long-term view. Learning to think and manage strategically requires an understanding and appreciation for

the strategic planning process. Successful practices develop a "state of mind" characterized by continually evaluating events in terms of their long-range implications.

Some practices choose to make strategic planning an annual event. This can be useful since it ensures a certain amount of focus and discipline around the process. However, having a "designated" time may not be responsive enough to changes your practice may encounter. I tend to favor the annual event concept supplemented by periodic review sessions that focus on environmental or practice changes that may affect your practice strategy.

In order to think strategically, one must be able to separate from the emotional aspects of the present. To accomplish this objective, a series of preparatory or planning tasks are suggested.

Defining the Practice's Mission

Defining the mission of your practice involves:

- *Completing a competitive analysis for your market.*
- *Completing an assessment of your current environment.*
- *Completing an assessment of the financial health of your practice.*
- *Preparation of a SWOT (strengths, weaknesses, opportunities, and threats) analysis.*
- *A translation of your mission statement into specific long-term goals and short-term performance objectives.*
- *Identification of critical success factors.*
- *Development and/or refinement of your strategy.*

Completion of these tasks should result in an action plan that will serve as a roadmap for the practice.

For many practices, defining your mission statement is often seen as an unnecessary or trivial task. However, if done properly, a well-designed mission statement can be an effective tool to assist in dealing with daily operational issues (see example). For example, a colleague has been acting in an inappropriate manner with a key referral source, or you have noticed that when calling the practice staff will place you on hold without asking if you would mind being placed on hold. Your mission statement can serve as a reminder to all stakeholders that these behaviors cannot be tolerated.

The process of developing a mission statement should not take untold days or weeks of deliberation or long un-

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Example: An Exemplary Mission Statement

Our Mission: Our mission is to provide compassionate and personalized care to our patients while creating an environment that motivates and satisfies our employees and stimulates and rewards our physicians while ensuring financial stability for all stakeholders.

Our Patients: We will strive to consistently meet or exceed the service and patient care expectations of our patients. We will do so by investing in staff education and new treatment modalities. We will maintain a comfortable, warm, and pleasing environment for our patients. We will strive to be available and accessible and to ensure we provide an appropriate amount of time for each patient.

Our Employees: We will invest in the continuing personal and professional development of staff members. We will provide them the tools necessary to most effectively and efficiently perform their jobs while reinforcing the basic tenet of providing customer service excellence. We will reward our employees with above average compensation packages.

Our Services: We will strive to offer state-of-the-art services through our practice and our referral network of providers. In addition, we will ensure the most compassionate and convenient care setting for our patients.

Practice Financial Health: We will plan and invest wisely in the future of our practice. We will diversify our service lines and invest in new technology. We will do so in a conservative manner. We will put in place financial controls and benchmark our operating results internally and with our peer group while striving to provide an above average return to the shareholders.

productive meetings with partners or consultants. Whether you're in solo practice or part of a group, honestly assess and answer these two questions:

- *What are the reasons we are in practice?*
- *What are our professional and personal goals and priorities?*

Once you have developed your mission statement, the practice is ready to translate this into a living plan with specific and relevant goals and objectives. However, this plan needs context and a reality check, which can be accomplished by an environmental assessment and competitive analysis.

Assessing Environmental Factors and Competitors

Environmental factors, both internal and external to your practice, will dictate whether what you hope to accomplish is feasible. A typical environmental assessment model focuses on market competition and a thorough practice analysis. The resulting data will allow you to evaluate strategic options and guide you in a specific strategic direction.

Market/Competitive Assessment:

1. What are the demographic characteristics of the market?
2. What is your market share for your key service lines?
3. Who are your competitors?
4. What is their market share?
5. What market strategies do they employ?
6. What do you perceive to be their strengths and weaknesses?
7. How are managed care trends affecting service delivery?

Practice Assessment:

1. What are our strengths and weaknesses? (See example below.)
2. What do we perceive to be potential opportunities and threats for the practice?
3. What is the state of our present financial health?
4. Are we practicing in an efficient and effective manner?
5. How do employees feel about their work environment?
6. Does our physical plant meet our current/future needs?
7. How do patients feel about their experience with the practice?

Developing a SWOT is a must in devising an effective strategy. At the end of the day, your strategy should build upon your strengths, compensate for your weaknesses, take advantage of opportunities, and provide a defense against perceived threats.

Develop Your Strategy

Having completed your market competitive analysis and practice assessment, most major issues should be clear, which means you are now ready to identify or refine major strategy alternatives. You should now consider several questions:

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Sample SWOT Analysis			
Strengths	Weaknesses	Opportunities	Threats
Outstanding location of the practice.	Community perception.	Build out of additional exam lanes.	Aging of senior founding surgeon.
Reputation of the providers.	Dated appearance of main location.	Add new lines of service.	New competitor in town.
Effective promotional media.	Highly leveraged balance sheet.	Set up rental contracts with sub-specialists.	Recent merger of two competitors.
Maturity of key staff members.	Above average overhead ratio.	Expand retail sales.	Loss of key provider(s).
Dominant market share.	Underutilization of physical space.	Expand referral relations with primary care providers.	Hospital has developmental plans with competitors.
Well-developed referral network.	Ineffective practice management system.	Open satellite location in neighboring community.	Expansion of offerings by multi-specialty group practice.

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1. *Is your present strategy still appropriate given the new fact pattern?*
2. *What changes need to be considered to your strategy in order to deal most effectively with external threats and internal weaknesses?*
3. *What opportunities can be pursued to improve the com-*

petitive position of the practice?

For most practices, modifying a current strategy is generally preferred over going in an entirely new direction. Remember: the goal in developing your new or modified strategy is to determine how the practice can create a sustainable competitive advantage.

For more information, contact BSM Consulting at 1-800-832-0609.