

Part 2: Implementing Your Strategic Plan

Mapping out a strategic plan is only the beginning. The real challenge is turning your written plan into reality. Part 2 of a series on strategic planning offers tips on successful implementation.

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What separates the “men from the boys” in strategic planning is implementation. Many groups do an effective job of planning but have difficulty converting a written plan to action. Several factors contribute to the successful or unsuccessful implementation of your written plan, including:

- *Physician leadership and commitment to the plan.*
- *Achieving buy-in from management and staff.*
- *Having clearly defined goals and objectives.*
- *Assigning “ownership” to the right individual(s) to carry out assigned responsibilities.*
- *Establishing realistic timelines for implementing tasks.*
- *Having a financial plan in place that incorporates the basic framework of the plan.*
- *Periodically evaluating or measuring practice success as compared to plan.*

Considerations for Success

Once a practice has developed its vision/mission statements and situational analysis, it is ready to develop or refine its strategy. Successfully implementing a strategy requires a tight fit between the strategy and the operational functions of the practice, which means marketing, staffing, patient care, governance, and finance must be applied within the context of the strategy.

Professional and non-professional employees must have the requisite skill sets to achieve practice objectives in the manner and style dictated by the strategy. If these skill sets do not exist today and it is determined that such skills would be too costly or difficult to acquire through training, the practice must hire the right individual(s) through recruitment.

Linking financial reward systems is another important factor in successful plan implementation. In large part, employee behavior at any level in an organization will reflect the economic reward system in effect. For example, if the practice wants to aggressively pursue growth or expansion opportunities, employees will only support this objective if they understand how they will win if their efforts are required to carry out the plan.

This is especially the case with physician shareholders who may not otherwise benefit directly from capital investment in a new practice initiative. For example, if a practice wants to open a new satellite, it is possible that a

limited number of the physician shareholders would work in the new facility, yet the capital investment required to build and equip the office would be a risk shared by all shareholders. In such cases, the compensation formula must provide a reward mechanism for the shareholders that is separate and apart from the compensation for those physicians who would provide patient care at the office. Otherwise, why would a shareholder support capital investment in this opportunity?

Budgeting is a critical component of business planning. A practice budget provides the financial means to implement the agreed-upon strategy. In addition to being an important forecasting tool, a budget can ensure that resources are efficiently used and that sufficient funds are allocated to the most critical components of the strategy.

A marketing plan is also required as part of the implementation strategy. This document will serve as the blueprint for how the practice will pursue its business plan for the succeeding 12 months. Specific tactics are set forth in the marketing plan, including a product plan (i.e. service mix, procedures, promotional plan, and a pricing plan). The marketing plan will incorporate or consider the information gathered in the situational analysis. The marketing strategy should be a direct reflection of the overall practice strategy.

Completing Your Action Plan

The sample action plan on the next page provides an example of a plan developed at the conclusion of a strategic planning session. As illustrated, the plan has three major goals, each with a number of specific objectives. The objectives are written in clear, actionable language, and a responsible party is assigned to each item, along with a timeline for completion. Without having a designated “owner” assigned to a task, it is difficult to establish accountability measures and reward systems.

Someone—generally the lead physician or practice administrator—should assume overall responsibility for the plan. This decision regarding who takes responsibility is often a function of the practice size and governance structure. For example, in the case of a large practice (i.e. more than 10 physician shareholders), ownership may rest with the executive committee of the board. On the

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other hand, a practice administrator may assume this responsibility in a group practice with two to five doctors, where no single physician provides strong leadership. It's important to choose someone who has the respect of his/her peers and possesses the organization and communication skills to follow through and pay attention to detail. If a practice administrator assumes this responsibility, he/she must provide progress reports to the board on a regular basis. These reports should include the action plan with notations on the progress made on each initiative.

Physician Leadership

Physicians have a dual role in the strategic planning process: to serve as the educator/motivator to convince all stakeholders of the importance of the planning process and to orchestrate implementation. For example, following a strategic planning meeting, it is recommended the physician shareholders meet with the entire staff to

educate them on the process and the plan. At the same time, it is important for the physicians to tell staff how they will benefit from the plan (i.e. implementation of reward systems tied to achieving plan goals and objectives). Although physicians may want to delegate responsibility to the administrator or managers to communicate plan details, it is recommended they resist this temptation. Employees want to hear the message directly from the doctors.

Many physicians are insecure about taking a leadership role in the strategic planning process. Frequently, this is because most physicians have little formal training in business. Furthermore, the typical physician owner of a practice is faced with many difficult decisions and simply does not have enough information (or the right kind of information) to make an informed decision. The best tactic is to approach these issues with a certain level

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Sample Action Plan from Strategic Planning Meeting		
Goal One: Create a compensation plan for the shareholders that better aligns the economic incentives of the partners.		
Objectives	Responsible Parties	Timelines for Completion
<ol style="list-style-type: none"> 1. Assess different compensation models for the shareholders. 2. Schedule follow-up meeting with partners to review draft models. 3. Solicit input of outside accounting and consulting firms to discuss options. 4. Schedule meeting to make final decisions on changes to the plan. 	Executive Committee All Partners Dr. Smith Dr. Smith	April 1 May 15 June 15 July 15
Goal Two: Implement a thorough review and assessment of key operating functions in order to achieve consistently higher levels of practice efficiency, as well as improved employee and patient satisfaction levels.		
Objectives	Responsible Parties	Timelines for Completion
<ol style="list-style-type: none"> 1. Complete time and motion study for main office. 2. Conduct employee survey (both written and interview). 3. Implement a patient satisfaction survey for all offices. 4. Develop protocols for meeting management for all department managers. 	Clinic Supervisor Practice Administrator Practice Administrator Practice Administrator	April 30 March 1 May 1 March 1
Goal Three: Implement practice growth initiatives in order to generate additional passive income sources for the shareholders.		
Objectives	Responsible Parties	Timelines for Completion
<ol style="list-style-type: none"> 1. Continue to evaluate developing a comprehensive esthetic health center. 2. Negotiate terms of employment with new specialist. 3. Evaluate feasibility of dispensing retail cosmetic products. 4. Evaluate expanding number of exam rooms at the satellite office. 	Executive Committee Dr. Smith Practice Administrator Practice Administrator	On-going Immediate April 1 July 1

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of humility. Admitting that you don't know and asking for help or advice is a far better answer than embarking on a venture on the basis of a "gut" feeling or inadequate information. Solicit the opinion of colleagues or trusted advisors before rolling out any major initiatives.

Commitment Is Key

Although turning your practice's written strategic plan into reality comes with challenges, success is possible. Remember that a practice should approach strategic planning as an integrated process that features a firm

commitment to implementation. A well-documented action plan, supported by a strong physician leadership team is essential to success. However, successful implementation is also contingent on limiting financial risks and ensuring the plan is having a positive impact on the financial health of your practice. The next section wraps up our series on strategic planning by taking a closer look at two financial tools that will aid you in avoiding financial downfalls. You'll then be well on your way to meeting your practice goals.

For more information, contact BSM Consulting at 1-800-832-06009.