STRATEGIC PLANNING: An Overview

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Executive Director, BJH/SLCH/WUSM Joint Office of Strategic Planning
OBJECTIVES: Today’s Session

• Review General Strategic Planning Concepts
• Provide an Overview of Strategic Planning at WUSM and SLCH
• Understand the Different Components of a Strategic Plan
• Discussion/Practice
• Learn Key Factors for Successful Plan Implementation
• What Else?
What Is Strategic Planning – And Why Plan?
“I have a ....plan”
“We should hire a consultant.”

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.

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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?
OVERVIEW: Strategic Planning at WUSM and SLCH
Key Processes

- BJH/WUSM Joint Clinical Strategic Plan
- Annual Department Strategic and Financial Planning
- Clinical Service Strategic Plans e.g. Pediatric Heart Center
- SLCH/WUSM Joint Clinical Strategic Plan
SLCH/WUSM Joint Planning

- Align school and hospital priorities to best **develop outstanding, differentiated clinical programs**
- **Leverage our affiliation agreement** to maximize our shared success
- Enhance the pipeline and **development of future pediatric subspecialists and faculty**.
- Develop a true spirit of **partnership, collaboration and mutual accountability**
The SLCH/WUSM Affiliation Agreement provides a strong financial incentive to align our institutions for shared success.
SLCH/WUSM Joint Planning

• Together we develop goals, specific targets, strategies and tactics:

  **Key Plan Components**

  • Medical innovation
  • Quality of care, clinical outcomes & patient safety
  • Access to care and service quality
  • Faculty recruitment, retention and development

  ✓ Volume growth
  ✓ Financial performance
SLCH/WUSM Joint Planning

• Each institution commits to the necessary investments (in faculty, staff, facilities, operations, etc.) to achieve plan goals

• Implementation and progress toward goals are monitored on a quarterly basis by an Executive Oversight Committee
## SLCH/WUSM Joint Planning

<table>
<thead>
<tr>
<th>WUSM</th>
<th>SLCH</th>
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</thead>
<tbody>
<tr>
<td><strong>Faculty Practice Plan CEO (Co-Chair)</strong></td>
<td><strong>President (Co-Chair)</strong></td>
</tr>
<tr>
<td>Dean, School of Medicine</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td>Clinical Department Chairs and/or Service</td>
<td>Chief Medical Officer</td>
</tr>
<tr>
<td>Chairs:</td>
<td></td>
</tr>
<tr>
<td>- Pediatrics</td>
<td>- Radiology</td>
</tr>
<tr>
<td>- Anesthesiology</td>
<td>- Rad Onc</td>
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<tr>
<td>- ENT</td>
<td>- Surgery</td>
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<tr>
<td>- Neurology</td>
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<tr>
<td>- Neurosurgery</td>
<td></td>
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<tr>
<td>- OB/Gyn</td>
<td></td>
</tr>
<tr>
<td>- Ophthalmology</td>
<td></td>
</tr>
<tr>
<td>- Orthopedic Surgery</td>
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</table>

Linda Reimann, Executive Director, JOSP
Clinical Planning Focus Areas

- **Cancer**
  - Hematology/Oncology
  - BMT
  - General Surgery
  - Radiation Oncology
  - Neurosurgery

- **Neuroscience**
  - Neurology
  - Neurosurgery
  - Anesthesiology
  - Psychiatry
  - Radiology

- **Heart Center**
  - Cardiology
  - Cardiac Intensivists
  - CT Surgery
  - Anesthesiology

- **Off-Campus Satellites**
  - Ophthalmology
  - Otolaryngology
  - Orthopaedics
  - General Surgery
  - Urology
  - Plastics
  - Pediatrics
  - Neurology
  - Anesthesiology
  - Radiology

- **Primary Care Alignment**
  - PCP Alignment
  - Referring Physicians

- **Women and Infants** (w/ BJH)
  - OB
  - Neonatology
  - Cardiology
  - General Surgery
  - Anesthesiology
  - Psychiatry
  - Fetal Care

- **Child Mental Health**
  - Psychiatry
  - Psychology
  - Neurology
  - Adolescent Medicine

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1 Radiology to be included as appropriate
2 Pediatric Medical Subspecialties: Cardiology, GI, Allergy/Pulmonary, Endocrinology, Rheumatology, Genetics, Hematology/Oncology
3 Includes neuro-oncology
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?

Strategic Plan

Mission & Values

Environment

Vision & Goals

Strategic Initiatives

Operating Plans

Metrics/Assessment
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
Who Is Involved?

• Who are the important stakeholders/leaders who would approve or devote resources to the plan?

• What departments, divisions, institutions need to be represented?

• Who will provide the vision and drive our future direction?

• Which faculty or 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**

**STRATEGIC PLANNING STEERING COMMITTEE**

**Project Manager**

**STRATEGY DESIGN TEAMS**

- **Institutional Leaders**
  - Direction/Resource Approval

- **Chairperson and Key Representatives**
  - Buy-In and Drive Direction

- **More “Front Line” Faculty/Staff – Key Input**
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
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)

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

<table>
<thead>
<tr>
<th><strong>OPPORTUNITIES</strong></th>
<th><strong>THREATS</strong></th>
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</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 Maximize</td>
<td>Counter Reduce</td>
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</tbody>
</table>

Resource: [Templates on AAMC GIP website](#)
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.
SWOT/Strategies Exercise
Strategic Direction
Strategy Development

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

Strategic Direction
Structure

• Each statement lays the foundation for the next
• 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

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

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

• Each statement lays the foundation for the next
<table>
<thead>
<tr>
<th>GOALS</th>
<th>STRATEGIC INITIATIVES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GOAL #A:</strong> Clinical Excellence</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>
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</table>
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
Scenario Planning

Flat Research Funding

More of the Same

Focused Clinical Practice

Flat Clinical Margin

Clinical and other Subsidy of Research

Efficient Education

Declining Clinical Margin

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
Operating/Implementation Plans and Approval
Strategy Development

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

<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>
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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

- 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**

*Where is the Organization Today?*

*Where Should the Organization Be in the Future?*

*How Should the Organization Get There?*

*Is the Organization Getting There?*

---

**Strategic Plan**

1. **Mission & Values**
2. **Environment**
3. **Vision & Goals**
4. **Strategic Initiatives**
5. **Operating Plans**
6. **Metrics/Assessment**
Questions?

And THANK YOU!