

FALL 2014 NEWSLETTER

Having helped more than 100 medical practices address varied business concerns, we can divide those clients into two categories: practices that proactively and regularly plan and practices that have opted to “wing it” because they don’t value planning or can’t find the time to do it. Given the ever-changing external environment as well as the challenges of managing day-to-day operations, we think strategic business planning is essential, not optional. Here’s our advice on why and how practices should avoid complacency.



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CAN YOUR PRACTICE AFFORD TO WING IT?

Why strategic business planning matters

Building, adding onto, or renovating a house without a blueprint is a recipe for disaster. A few *seemingly* good decisions made without benefit of a blueprint could topple the entire house. Your medical practice is no different. Without a formal process to identify your mission, values, goals, projects, timing, barriers, opportunities, and strategies, you are likely to miss good opportunities and make serious and expensive mistakes. Just because you had a good strategic plan 5-10 years ago means little today, given the rapid pace of change in both healthcare policy and delivery.

Specific benefits of strategic business planning

A well-structured strategic business planning process can provide both short- and long-term benefits to your practice. Let’s start with immediate value. Strategic planning can provide clear direction, preventing the haphazard introduction of programs and/or processes that may not make sense or that may actually conflict with one another. Here’s an example from a practice that unsuccessfully tried to make a quick fix to accessibility by adding weekend hours. Although the practice liked the concept of improving access to care, it ignored the implications of the unwillingness of existing providers to see patients on Saturdays and Sundays. The practice hired new caregivers, only to discover that the staffing was unacceptable to patients who wanted to see their regular provider, not *any* provider. Had the addition of weekend hours been planned in relationship to the larger practice goal of increasing appointment time for new patients, the outcome might have been different. Rush to hire is another common example of jumping the gun without planning. We’ve seen countless practices make poor hiring decisions because “the practice manager next door is looking for a new job and we have one.” The better approach would have been the examination of short and long-term practice priorities, determination of the needed skill set, and then recruitment of a new practice manager whose background and experience best suited the practice’s needs.

A second short-term benefit of strategic business planning is the opportunity it provides for practice owners, managers, and other workforce members to collaborate in setting the practice's future direction. Participation in the planning process enhances the likelihood of successful implementation. This point is particularly relevant for practices that are considering a future partnership with a large healthcare system. A third short-term benefit is the opportunity to set priorities. Everything can't be done simultaneously, and consensus on a logical order makes more sense than launching multiple initiatives at the same time. Fourth, strategic business planning offers the potential for enhanced financial performance right now, not in the distant future. Fifth, clarity of focus can improve the quality of patient care.

Strategic business planning has great long-term as well as short-term value. After the conclusion of the formal planning process, a practice can use the plan as a benchmark against which to measure progress in achieving agreed upon goals. The plan can also be the touchstone for evaluating opportunities for affiliation, program expansion, and operational improvement.

How the strategic planning process works

The strategic business planning process is straightforward, regardless of whether you are a medical practice or a corner store. Start with an honest assessment of all aspects of your current practice by asking the same types of questions of all owners, senior managers, and other workforce members:

- **Mission:** Do you have a current mission statement that accurately reflects the practice's direction for the next 5-10 years?
- **Values:** What's important to your practice? Do you deliver care, interact with patients and colleagues, and manage your workforce in ways that are consistent with those values? For example, one of our ob-gyn clients left a hospital-owned practice to open her practice so she could provide personalized care that was more consistent with her professional values.
- **Strengths, weaknesses, opportunities, and threats (S.W.O.T.):** Given your practice's mission and values, what's outstanding about your practice? What are your weaknesses? What opportunities and threats to your current practice and future plans do you see? For example, is formal linkage to a large healthcare system inevitable in your specialty, or can you succeed in the future by remaining independent and developing strategic alliances?
- **Goals:** What are the practice's specific goals with respect to organization and management, financial management, human resources, marketing, information technology, operations, quality initiatives, and compliance? Have the owners and senior managers reached consensus on those goals and made progress toward reaching them?
- **Projects:** Within each category listed under goals, what are your major projects, and have you prioritized them? Most projects have a price tag; do you know the estimated cost of each one?

- **Barriers, opportunities, and strategies for each project:** Be honest about the hurdles, opportunities, and ways to get where you want to go. Two barriers that often impede progress are lack of staff time and/or skill to take on a project that's not been done before.

Key players in a strategic business planning process

We recommend a collaborative strategic business planning process that includes both strong internal involvement and external facilitation by an experienced professional. Internally, greater involvement by owners, senior managers, and other workforce members bodes well for both reaching consensus and successful implementation. External facilitation has many advantages over internal facilitation. Within most practices, there are likely to be differences of opinion. Someone outside the organization without a personal stake in the outcome can best guide the discussion. Furthermore, an experienced external facilitator can bring to the table lessons learned from other similar engagements.

Typical steps in a strategic business planning engagement facilitated by an external consultant

Assuming your practice has decided to engage an external consultant to assist with strategic business planning, start the process by clarifying the scope of the consulting engagement. What will you do, what will the consultant do, and what will you do together? Next, ask the consultant to develop a standard list of questions that can be asked of key individuals. Make a list of important data that needs to be gathered. Following the interviews and information gathering, the consultant can aggregate the responses to the questions, maintaining confidentiality so no opinion is attributed to a specific individual. Schedule an off-site strategic planning retreat to review your current status and options for the future. Following the retreat, have the consultant summarize the results for the practice both in writing and in a face-to-face meeting. Agree to move ahead, making sure to delegate responsibilities to specific individuals and setting reasonable timelines. Within a few months, assess your progress and make sure you remain on track. Going forward, use the strategic business plan as a benchmark against which to vet potential new projects and opportunities. Revise your initial plan on a regular basis so it remains current.

Cost of strategic business planning

The cost for externally facilitated strategic business planning depends on the size of the practice and the number of people who will participate in the process. For example, we spent twice as much time working with an eight-physician cardiology practice considering acquisition by a healthcare system than we did with a four-person internal medicine practice wrestling with ways in which to improve access to patient care. The more important question about cost is what's the cost of not engaging in strategic business planning? It might be far more than what you would pay to have it done!

ADDITIONAL AIDS FOR YOUR STRATEGIC PLANNING

Some of our previous newsletters provide high-level insights into issues that may influence the development of your strategic plan. Use the links below to explore topics that could influence your S.W.O.T. analysis or assist with defining barriers, opportunities, and strategies for each project.

- [Creating a Prosperous Practice](#)
- [Space and Payer Contracts](#)
- [Managing Risk in Your Practice](#)
- [The Reality of the ACO](#)

Need Help with Strategic Planning?

Satinsky Consulting, LLC can assist with your strategic business planning process in one or more of the following ways:

- Plan and coordinate the entire strategic business planning process
- Create a comprehensive list of questions for your practice to use during the planning process
- Collect relevant information by conducting staff interviews and gathering other data
- Aggregate the responses to staff interviews while maintaining confidentiality
- Facilitate the strategic planning retreat
- Summarize the results of the strategic planning retreat and identify next steps

Step back; the ball's in your court!

Contact us at Margie@satinskyconsulting.com or 919.383.5998
if you need help with these or other related services.