



Strategic Planning: It's What's for Dinner

By Peter Valenzuela, MD, MBA, FAFP

Whether it's playing chess or planning our retirement, we all have strategies for different situations in our lives. So why not apply strategies in our practice?

Companies such as Dell, Wal-Mart, and Home Depot have depended on strategic plans to generate millions of dollars and guide their organizations into the future. Although most of our practices are not as large as these companies (except maybe Kaiser Permanente), formulating strategies for our practice is vital for future growth.

Why develop a strategic plan?

Many physicians believe that strategic planning is just a waste of time simply because the only constant in health care is change. Government regulations, insurance companies and quality initiatives continuously dictate the way we practice medicine.

Even today, variable health plans and health savings accounts have given more autonomy to patients allowing them to decide when and where to receive medical services. What does this mean for physicians?

Patients are now the target consumers in our trillion-dollar health care industry. Those providers in tune with the changing medical climate modified their services to keep up with patients' needs, while other providers are struggling to survive.

With this in mind, instead of asking, "Why should I create a strategic plan for my practice?" you should ask "Why shouldn't I?"

What can a strategic plan do for you?

Strategic plans provide better information for decision making and help accelerate growth and improvement within your practice. They help you recognize the impact that the changing environment is having on your practices. They help identify available opportunities and potential threats in your location. For some practices, they may even expose a much-needed change of direction.

Lastly, strategic plans identify poor performing areas so that they may either be corrected or eliminated. Once implemented, plans become the framework for developing budgets and short-range operations.

What is a strategic plan?

A strategic plan is a step-by-step guide that helps direct organizations in reaching their goals over a set amount of time, usually two to five years. Generally, strategic plans are made up of the following key elements:

- Mission statement
- Vision statement
- Values
- Goals/objectives
- Strategies
- Implementation/action programs

A linear strategic plan follows a logical set of steps:

Mission statement → Vision statement → Goals/objectives → Strategy → Implementation

In a fluid plan, the process is intertwined. I personally recommend a fluid strategy that requires an environmental analysis before any goals can be established. Please keep in mind that constructing a strategic plan is not glamorous and may seem time-consuming, but the benefits to your practice will be lasting.

Mission

The mission statement describes the purpose for the group's existence. It can be very elaborate or simple.

For example, Wal-mart's mission is "to give ordinary folks the chance to buy the same thing as rich people." Walt Disney's mission is "to make people happy."

Anyone who has shopped at Wal-mart or visited

The mission statement describes the purpose for the group's existence. It can be very elaborate or simple. For example, Wal-mart's mission statement is "to give ordinary folks the chance to buy the same thing as rich people." Walt Disney's mission is "to make people happy."



Disney World knows that they are true to their mission. Although, the mission statement is generally not exciting to those outside of the practice, it helps the staff focus on what your practice is all about. It also provides a public image for those considering visiting or joining your organization.

In the health care environment, a general mission statement would likely incorporate providing quality care in the most cost-effective manner.

Vision

The vision statement describes where you desire to be in the next three to five years. An important point to remember is that the vision should be both inspiring and realistic.

Bill Gates' vision for Microsoft states, "There will be a personal computer on every desk running Microsoft software." In the past, I would have thought Gates' vision was improbable. However, Microsoft is one of the largest corporations in the world today.

In my previous environment, it would be highly unlikely for our rural health clinic in Fort Stockton, Texas, to become the highest gross-

ing medical facility in America, although it doesn't hurt to dream.

It would be more realistic for this primary care clinic to want to be the community's first choice in delivering health care services for patients of all ages. Remember, a great vision statement can motivate and empower those involved in your practice to do their best everyday.

Values

Values describe the behaviors that guide the daily operations of the business. Although values are not included on all strategic plans, they are important in helping patients and employees understand the principles that drive the practice.

Ford Motor Company's values include:

- People: Our people are the source of our strength. They provide our corporate intelligence and determine our reputation and vitality.
- Products: Our products are the end result of our efforts, and they should be the best in serving our customers worldwide.

- Profits: Profits are the ultimate measure of how efficiently we provide customers with the best products for their needs. Profits are required to survive and grow.

In the past, including profits as a value in health care was considered taboo. Today, we all acknowledge that profits are necessary for survival. Some examples of value statements for health care organizations include:

- Providing the best care possible for all patients regardless of income
- Promoting community service
- Furnishing a supportive environment for staff with open communication
- Encouraging personal development and leadership for employees
- Treating every individual with respect and dignity
- Honoring cultural differences

Environmental analysis (SWOT)

An environmental analysis is

composed of both internal factors that can be modified and external factors that are beyond the practice's control. An internal analysis of your practice assesses your strengths and weaknesses. An external analysis assesses your potential opportunities and threats (i.e., SWOT).

As with any business, knowing your customers (or patients in our case) is the key to success. Many physicians have found the environmental analysis to be the most enlightening aspect of the strategic plan by pointing out what areas need to be improved as well as discovering services that can be implemented.

In order to conduct a thorough analysis, you must research your payer mix, patient demographics, common diagnoses and potential growth of the community. It is also critical to keep up with future government regulations and policies.

In addition, never underestimate the value of patient surveys to assess perceptions about the practice and provide suggestions for enhancing patient services.

When discussing strengths and weaknesses, common questions that should be addressed include:

- What type of practice do we have?
- What can we provide that other physicians can't?
- What do we do best? What areas of our practice do we need to improve?
- What is our financial situation? (Any debt or cash flow problems?)
- Do inefficiencies exist that need to be eliminated?

Many practices have in-house labs and also offer X-rays. Those can be either strengths or weaknesses depending on reimbursement and supply costs.

Other strengths or weaknesses could be staff retention and customer service. You may have friendly staff that treats everyone with respect, or you may have seasoned veterans who know the system just enough to keep their jobs.

Location can also serve as a strength or weakness depending on whether you are located next to a hospital or a funeral home. When discussing opportunities and threats, common questions to address include:

- How can we better utilize our services in the community?
- Are any target populations not being addressed?
- What are the new trends in medical services being offered?
- What obstacles do we face?
- What is our competition doing?
- How will government policies affect our practice?
- How and when will information technology be implemented?

After evaluating your practice, you may find that you have a high geriatric population that would benefit from bone densitometry, cryotherapy or audio-acoustic evaluations.

You may also discover that there are a large number of blue-collar workers who require employee physicals and drug screens from your pre-existing lab. You may even discover that your local schools lack a team physician, which could increase the number of X-rays performed in your office.

Another possibility is that you serve a high OB/GYN population that would benefit from IUD insertions, endometrial biopsies, colposcopies, mammograms or cosmetic laser surgery.

All of these value-added services could significantly increase your bottom line.

Goals/objectives

The goals or objectives describe how you plan on accomplishing your mission and vision. They are the specific measurements that are put into action using strategies over the course of the plan.

For example, NASA has three main goals:

1. To understand and protect our home planet
2. To explore the universe and search for life
3. To inspire the next generation of explorers

NASA's plan then details the strategies it will use to accomplish each goal. All goals should be quantifiable and attainable. You can't just say you want to be the best practice in your area within five years; you must stipulate how this will be gauged (i.e., total revenue, number of patient visits, quality measures.)

In medical facilities, most goals involve future growth, increasing profits, enhanced patient services, and implementation of information technology.

Strategies

Strategies are the rules and guidelines that will be used to achieve your goals.

Nike, the biggest athletic shoe company in the world, set a goal to enhance its brand/image. To achieve this goal, the company used professional athletes like Michael Jordan and Tiger Woods to endorse its products. Needless to say, this strategy continues to be tremendously successful for Nike.

In our family medicine group, one of our goals is to recruit more quality physicians. The three strategies we are employing include:

- Offering an attractive salary and benefits package

- Sub-contracting reputable recruiters to search for providers with specific criteria needed for our practice
- Offering medical school loan repayment

Implementation

The only thing worse than not having a strategic plan for your practice is having a plan but never putting it into action.

Most strategic plans fail in the implementation stage simply because strategies are not carefully delineated and there is a lack of accountability. You need the right people in place to follow through with your plan.

Remember to set up timelines and deadlines to accomplish your practice's strategies. Finally, periodically review how successful the strategies have been for your practice and modify them as needed.

Recipes for success

In the words, of Yogi Berra, "If you don't know where you are going, you are certain to end up somewhere else." Yet, taking a little extra time to make a strategic plan for your practice will provide direction for the years to come.

Once completed, your plan must be put into operation. No plan will be successful if it is placed on a shelf and never utilized. Also, having the right leadership to guide the execution of the plan is vital.

In addition, communicating the plan to the staff as well as involving them in the process will help them buy into what you are trying to accomplish. Once in place, all key decisions for the practice must be weighed against the plan.

Never forget to review the plan to measure performance and improvements. Remember, constructing a plan may take months, but the benefits to your practice will be lasting.

Peter Valenzuela, MD, MBA, FAAFP, is assistant dean for clinical affairs at Texas Tech University Health Sciences Center at the Permian Basin in Odessa, Texas. He can be reached at peter.valenzuela@ttuhsc.edu.

ACPE
CAREERLINK

Available on the ACPE Web site: ACPE.org