



WHITE PAPER

The Importance of Strategic Planning

The term strategic planning has become very popular in recent years. Many healthcare entities now talk about doing strategic planning rather than long-range planning, yet the difference between the two is not intuitively obvious, nor universally agreed upon. Strategic planning is generally considered to place a greater emphasis on strategies (on how the practice will achieve its vision) while long-range planning places greater emphasis on determining the vision.

Long-range planning: The process by which the practice leaders determine what the practice wants to look like at the end of a specified period of time (usually three to five years). They should then use that vision to establish multi-year goals and objectives which describe what the practice wishes to accomplish, and develop programs, tasks, and timelines for achieving them. Long-range planning predicts future conditions and realities, internal and external, and plans how the practice can function effectively within them. Because it involves multi-year projections, it cannot be as specific as short-term or operational planning, which generates a work plan with detailed annual objectives, tasks, methods, timelines, and responsibilities. However, it tends to be more focused on specific objectives and timelines than strategic planning.

Strategic planning: The process by which practice leaders determine what the practice intends to be in the future and how it will get there. To put it another way, they develop a vision for the practice's future and determine the necessary priorities, procedures, and operations (strategies) to achieve that vision. Included are measurable goals which are realistic and attainable, but also challenging; emphasis is on long-term goals and strategies, rather than short-term (such as annual) objectives. Strategic planning assumes that certain aspects of the future can be created or influenced by the practice. Additionally, strategic planning is an ongoing process.

There is broad agreement among healthcare leaders that planning is a critical component of good management and governance. Planning helps assure that a practice remains relevant and responsive to the needs of its patients, and contributes to practice stability and growth. It provides a basis for monitoring progress, and for assessing results and impact. It facilitates new program development and enables a practice to look into the future in an orderly and systematic way. From a governance perspective, it enables the physician owners to set policies and goals to guide the practice, and provides a clear focus to the practice administrator and staff for program implementation and management.

Most practices understand the need for annual program objectives and a program-focused work plan. Many find it practical to define objectives for a 12-month period, and to design strategies and programs to meet them. Longer-range planning (planning beyond the next year or two) often seems more difficult and less rewarding. With the healthcare industry changing so rapidly, how can we expect to develop plans that will remain relevant? With so little control over external events, how can we hope to influence them in a way that benefits our patients?

In fact, planning is no less important in a changing environment; it may well be more important. Practices need to be very clear on community needs and then work to address them through similarly clear practice missions, priorities, and objectives. The challenge of delivering patient care has become greater with changes in the healthcare industry, and it is here that strategic or long-range planning can be most helpful. Planning is designed to help a practice define its vision for the future and then determine systematically how it will get there, understanding obstacles and figuring out ways to overcome them.

There is an important caveat. Longer-range planning requires some level of practice stability. It is very difficult to plan in a crisis, and unrealistic to look five years ahead unless a practice has some confidence that it will exist next year, and that most of its key staff and its physicians will continue to be affiliated with the practice. Leadership also needs the time to plan, and with the daily challenges in a practice, it is extremely beneficial to engage a healthcare consultant to assist in that process. Moreover, while planning provides increased practice definition, a sound base for planning should include consensus around a well-defined mission statement and/or practice goals. These must often be developed as a foundation for longer-term planning. It is also difficult to plan if the practice is so young or its leadership so new that they do not have a good sense of the community and of the competition. Most new practices find that they do best by first attempting to reach consensus on a practice mission statement and then doing shorter-range planning, usually for a single year. Learning from that experience, they can begin a longer-term planning process.

Planning that focuses on a period of three years or more requires an organized, serious effort which takes time and energy. Moreover, planning is not a one-time effort; any plan needs to be reviewed, monitored, and updated. The benefits to a practice can be significant — a clear focus, a sense of joint purpose and agreed-upon priorities, consensus on strategies, and a basis for measuring progress and impact.

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