



WHITE PAPER

Planning Your Upcoming Year's Strategy

As you sit down with your physician partners, practice manager, and perhaps consultant over the coming weeks contemplating direction for the upcoming year, we thought it may be beneficial to offer a few pointers to help you along the way. For starters, you should pause to reflect upon new competitors in your catchment area, as well as current competitors and new initiatives they are taking on. For physician practices, a competitive analysis is a means to assess who your competitors are, what value they provide, understanding their (and your) strengths and weaknesses, and where your practice fits in. A good competitive analysis is a scouting report of the actual market terrain that your practice must navigate in order to be successful. While analyzing the competition is an essential component of your strategy, most medical practices don't conduct this type of analysis systematically enough—a thorough competitive analysis is indispensable.

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Gather a list of your practice's competitors.

Most of the time, such a list is comprised of who your practice considers to be its chief competitors. However, there may be other healthcare organizations that indirectly compete with yours, perhaps ones outside of your catchment area that offer services such as telemedicine or niche treatment modalities that are aiming for the same patients. You will also want to include information on healthcare entities that may be entering your market in the coming year. Once you have compiled the list, you can highlight those practices that will be the greatest challenge.

Analyze the competition's services in terms of features, value, and target patients.

How do they market them? How do patients see your competition? How do referring physicians view your competition? Take an honest look at their offerings. Is your quality commensurate? Do you have similar offerings? What is the unique value you provide that competitors don't or

can't? Emphasize these benefits in your marketing.

Compile a list of competitor strengths and weaknesses and remember to be objective.

You'll do your practice no good if you allow bias toward your own physicians, staff, and services to cloud your judgment. Try to see the competition's practice as though you were them. What makes their practice so great? If they are growing rapidly, what is it about their practice that's promoting that growth?

Observe how your competitors market themselves through advertising, collateral material, and perhaps the use of physician liaisons.

You will have to go to many different sources to get a complete picture. It takes practice and a little shrewdness on your part to piece together a complete picture of strategies and objectives, so the use of a qualified consultant may be to your benefit. Focus on the facts, be persistent, and trust your intuition to help you.

Determine the current market demographics for your practice.

If the market is flat, then the competition for patients is likely to be fierce. Your practice will find itself scrambling to win market share. The outlook portion of your analysis may seem like forecasting, but it's really a measure of trends. By the time you've done most of your research, you'll have enough information to determine what the outlook really is.

By evaluating yourself against your competition, you'll likely find new ideas for your practice. While compiling a competitive analysis is an interesting piece of work, it can indeed be challenging. Consequently, you may want to seek the help of a healthcare consultant to guide you through this process. You'll learn a lot about your market and in the process become a more valuable resource for your patients and referring physicians.

Next Steps

From there, you will want to get into an abbreviated strategic planning process. That is, development of a plan (with timelines and objectives!) for what you plan to accomplish for the upcoming year. Strategic planning is an essential business activity. However, several common mistakes must be understood so that physician owners can guard against them. Pointing out these mistakes is not a criticism of the process but acknowledgement of improper implementation. Medical practice leaders must recognize both the benefits and the potential pitfalls of strategic planning because it is their responsibility to ensure that strategic planning is conducted properly to achieve desired goals.

Here are four of the most-common planning mistakes we find:

1. Attempting to forecast and dictate events too far into the future.

In part, this may result from the natural desire to believe we can control the future. It is a natural tendency to plan on the assumption that the future will merely be a linear continuation of present conditions, and we often underestimate the scope of changes in direction that may occur.

Because we cannot anticipate the unexpected, we tend to believe it will not occur. In fact, most strategic plans are overcome by events much sooner than anticipated by practice leaders.

2. Trying to plan in too much detail.

This is not a criticism of detailed strategic planning but of planning in more detail than the conditions warrant. This pitfall often stems from the natural desire to leave as little as possible to chance. In general, the less certain the situation, the less detail in which we can plan. However, the natural response to the anxiety of uncertainty is to plan in greater detail, to try to cover every possibility. This effort to plan in greater detail under conditions of uncertainty can generate even more detail. The result can be an extremely detailed strategic plan that does not survive the friction of the situation and that constricts effective action.

3. Tendency to use planning as a scripting process that tries to prescribe actions with precision.

When practice leaders fail to recognize the limits of foresight and control, the strategic plan can become a coercive and overly regulatory mechanism that restricts initiative and flexibility. The focus for staff members becomes meeting the requirements of the strategic plan rather than deciding and acting effectively.

4. Tendency for rigid planning methods to lead to inflexible thinking.

While strategic planning provides a disciplined framework for approaching problems, the danger is in taking that discipline to the extreme. It is natural to develop planning routines to streamline the strategic planning effort. In situations where planning activities must be performed repeatedly with little variation, it helps to have a well-rehearsed procedure already in place.

However, there are two dangers. The first is in trying to reduce those aspects of strategic planning that require intuition and creativity to simple processes and procedures. Not only can these skills not be captured in procedures, but attempts to do so will necessarily restrict intuition and creativity. The second danger is that even where procedures are appropriate, they naturally tend to become rigid over time. This directly undermines the objective of strategic planning—enabling the organization to become more adaptable. This tendency toward rigidity is one of the gravest negative characteristics of strategic planning and of strategic plans.

Strategic planning is one of the principal tools used to exercise operational control because it will help you to decide and act more effectively. Remember though, that strategic planning involves elements of both art and science, combining analysis and calculation with intuition, inspiration, and creativity. To plan well is to demonstrate imagination and not merely to apply mechanical procedures. Done well, strategic planning is an extremely valuable activity that greatly improves practice performance and is an effective use of time. Done poorly, it can be worse than irrelevant and a waste of valuable time.

The fundamental challenge of strategic planning is to reconcile the tension between the desire for preparation and the need for flexibility in recognition of the uncertainty of the healthcare industry.

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P.O. Box 1465

Valrico, FL 33595

www.abisallc.com

info@abisallc.com