

Steps in the Strategic Planning Process

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Strategic planning is *a formal, on-going process for developing goals and implementing actions for positioning the organization in the market while matching available resources with market opportunities*. This definition implies that planning is a “process” that involves both the development and the implementation of a systematic plan. This process focuses on “positioning”, indicating the important relationship between the organization and its environment. It also recognizes the importance of matching available resources to opportunities, as this is the ultimate goal of any planning exercise.

The following steps should be followed in developing a strategic plan:

Planning for Planning

Much of the early activity in the strategic planning process is organizational in nature. It involves identifying the key stakeholders, decision makers, and resource persons that must be taken into consideration in the process. This is the first step in developing an understanding of the organization and serves to generate the list of key informants to be utilized later in the data collection process. This phase also involves establishing a planning team that will guide the process.

Stating Assumptions

One of the critical steps at the outset (and actually at any juncture in the planning process) is the stating of assumptions. Assumptions might be made considering the players involved in the local healthcare arena or about certain health care “facts of life”. Assumptions also should be stated with regard to the nature of the market (and its population), the political climate, the position of other providers, and other factors that might affect the planning process. Although assumptions will undoubtedly be refined as the planning process continues, it is important to begin with general assumptions.

Initial Information Gathering

The data collection process begins with the gathering of general background information on the organization. This will include a review of any available organizational materials, such as publications produced by the organization (including annual reports), press releases, and marketing materials. Other potential sources of information include reports filed with regulatory agencies, business plans that have been presented to funding sources, grant applications, and certificate-of-need applications. Certain internal documents, such as executive committee minutes, planning retreat summaries, and evaluation studies may also be useful, along with any previous planning studies or consultant reports that have been developed for the organization.

Profiling the Organization

This initial information gathering should lead to a sense of “what” the organization is and what business it is in. This will involve examining the existing mission statement and goals of the organization. If these are not stated, the assumed mission and goals should be identified. One of the real turning points for any healthcare organization involves coming to grips with what business it is in. Questions to be asked include: What is our product or products? Who are our customers?

Baseline Data Collection

The data collection process begins with a thorough self analysis. An “internal audit” will determine who does what within the organization, when and where they do it, how they do it, and even why and how well they do it. The internal audit will involve additional interviews focused on specific aspects of the organization and its operation. It may require that questionnaires be administered to all or many of the staff. It will require access to a wide range of internal data describing operations, policies and procedures, staffing, finances, physical plant, information systems, and any other relevant aspect of the organization and its operation. The internal audit may even require the use of primary research methods to obtain certain information.

The external audit in the strategic planning process begins with the same steps described in earlier chapters for assessing the organization’s environment. The process starts with an analysis of the macro-environment and progresses through the various levels down to the micro-environment. Broad social trends are reviewed and developments within the economy are analyzed for their implications for healthcare. Health industry trends are reviewed, with attention paid to developments in the regulatory and reimbursement arenas. For most healthcare organizations, the analysis is carried down to the local market level. The “climate” of the community related to the range of issues addressed in the environmental assessment must be considered.

Defining the Market

The “market” for the organization can be defined in a number of different ways. The definition utilized depends on the purpose of the analysis, the product or service being considered, the competitive environment, and even the type of organization conducting the planning. Markets may be defined based on geography, demographics, consumer demand, disease prevalence, and so forth.

Profiling the Market Area Population

The type of information required on the market area population varies with the nature of the project. The first type of data typically compiled is demographic data, including biosocial and sociocultural traits. The demographic analysis is often accompanied by an assessment of the psychobiographical characteristics of the market area population. Information on the lifestyle categories of the target audience can be used to determine the likely health priorities and behavior of a population subgroup. Consumer attitudes are also typically considered at this

point. The attitudes displayed by consumers in a market area are likely to have considerable influence on the demand for almost all types of health services. At the organization level, the attitudes of a wide variety of constituents besides direct consumers must be taken into consideration.

Identifying Health Characteristics

The health characteristics of the target population should be examined in terms of patterns of fertility, morbidity and mortality. The emphasis in most strategic planning initiatives will be on the morbidity profile of the population. The incidence and prevalence of various health conditions will drive much of the planning activity. For most organizations, the demand for health services derived from this level of need is what determines the market. It is important to develop projections for these indicators of health status to assure that the plan is addressing future considerations rather than current ones.

Health Behavior

An understanding of the population's health behavior should supplement the information previously developed on the market area's need for health services. Healthcare organizations will focus on those indicators of health behavior that are most relevant for their operations. Hospitals are likely to require information on almost all of the indicators described throughout this book. Other organizations of more limited scope are likely to focus on specific indicators of utilization in their analyses.

The following types of health behavior may be considered, depending on the type of planning being carried out:

- Inpatient Admissions
- Outpatient Visits
- Other Service Utilization
- Procedures Performed
- Prescriptions Written

Competitive Analysis

The competitive analysis is an important component of a strategic planning process. While there may be some reasons for identifying the full range of available health services within the market area, the focus will typically be on the organizations and/or services that are likely to be in competition with the entity doing the planning. Options to consider for the competitive analysis include:

- Healthcare Facilities
- Healthcare Equipment
- Health Personnel
- Programs and Services
- Funding Sources

Networks and Relationships

State-of -the-Organization Report

At this stage of the planning process, it is usually worthwhile to present a state-of-the-organization report. The nature of the report will depend upon many issues that have been raised earlier, focusing on those of relevance to the organization.

The state-of-the-organization report should include the following sections summarizing the data collection up to this point:

- Overall societal/healthcare/service trends
- Market area delineation
- Market area population profile
- Market area population health characteristics
- Current position of the organization/product
- Customer profile
- Competitive situation
- Other likely future developments affecting the organization

Developing Strategies

The strategy establishes the tone for subsequent planning activities and, in effect, sets the parameters within which the planners must operate. Examples of strategies that might be adopted by organizational planners included:

- *Dominance strategy* whereby the number one player in the market opts to focus on maintaining this position
- *Second fiddle* strategy in which the “runner up” in the market concedes this second fiddle status and plans accordingly
- *Frontal attack* strategy in which the organization decides to take on the market leader or major competitors head on
- *Niche* strategy in which the organization concedes it cannot be involved in the competition for the mainstream market, but instead concentrates on niche markets based on geography, population groups, or selected services.
- *Flanking* strategy in which the organization “outflanks” the competition by entering new markets, cultivating new populations, or offering fringe products

Developing the Strategic Plan

Setting the Goal(s): The goal or goals that are established should reflect the information that was provided in the state-of-the-organization report and should be in keeping with the organization’s mission statement.

Setting the Objectives: Objectives refer to the specific targeted processes that support goal attainment. To many, these represent the “tactics” that support the strategies.

Prioritizing Objectives: There is no one procedure for prioritizing objectives, and the approach is likely to vary with the situation; the challenge is to identify on the front end the criteria that

are the most important for prioritization purposes.

Specifying Actions: For each of the objectives that have been identified, a set of actions must be specified and numerous actions are likely to be performed to achieve an objective. steps.

Implementing the Plan

An implementation plan is required to transform recommendations into actions. The transition from planning to implementation involves a hand-off from the planning team to the management team. It also requires implementation at several different levels and by different divisions within the organization. The implementation plan is likely to require significant change in many aspects of the organization, including management processes, information systems, and the corporate culture.

Evaluating the Effectiveness of the Plan

The means for evaluating the success of the strategic planning initiative should be built into the planning process. Evaluation techniques focus to two types of analysis: process (or formative) analysis and outcome (or summative) analysis. The former evaluates systems, procedures, communication processes, and other factors that contribute to the efficient operation of a program. Outcome evaluation focuses more on end results or what is ultimately accomplished. Process evaluation essentially measures efficiency, while outcome evaluation measures effectiveness.