

When Strategic Planning Works



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Preparation and flexibility are keys to reaching your goals.

Physicians are particularly vulnerable to the risks of non-planning.

Strategic planning is a process not a product.

“Plans are useless. Planning is essential.” Dwight D. Eisenhower

When General Eisenhower was developing strategies that ultimately led the Allies to victory in World War II, he understood the need for preparedness *and* flexibility. The goals were clear, but the means of accomplishing those goals needed to be constantly modified as the political landscape and the opposition’s tactics changed.

Business leaders face similar challenges. They need to unify their organizations around clear goals, but develop flexible strategies for accomplishing those goals in a complex and ever-changing environment. Failure to plan can be detrimental to any business in a competitive environment, and the best intentions of well-meaning leaders can be compromised by organizational disunity or by unanticipated industry changes. Planning helps organizations manage their risks.

Medical practices are specialized organizations that face significant business risks as surely as they face clinical and professional liability risks. Physicians are particularly vulnerable to the risks of non-planning for several reasons:

- Their intensive clinical training leaves little time for them to develop business skills, yet their business acumen is vital to their survival as medical practitioners.
- They are taught to think and act independently, but the group practice model forces independence to give way to cooperation and inter-dependence.
- Medicine functions in one of the most complex business environments with influences by technology, politics, financing and societal expectations. Each of these rapidly changing national forces are compounded by local competition and demographic trends, requiring physicians to pay attention to what is going on outside their practice just as carefully as they attend to their patients.

I have had the pleasure of bringing sound planning disciplines to medical practices across the United States and around the world for over twenty years. I have also seen the effects of not planning, and have often lamented over the lost potential, the business failures of medical practices, and the disruption to physicians’ families and communities that resulted from decisions made with inadequate forethought. Business planning can prevent organizational disasters just as preventive health measures can reduce unnecessary physical suffering, but it requires a commitment.

What is Strategic Planning?

Strategic planning is a process more than it is a product. Written plans may be notorious dust-gatherers, but the research, personal reflection, discussion and scripting of ideas is the life-blood of every healthy organization. Planning for physician-owned medical practices can include several components:

- **Research** on the forces that are shaping the medical practice from outside itself

Written plans provide valuable documentation.

Planning is a deliberate step to visualize the big picture.

A professional facilitator can help bring it all together.

- **Reflection** about physicians' personal ambitions, and sharing them with others
- **Discussion** of hard questions like these:
 - What are our purposes as a business?
 - What does our community expect of us?
 - How do we want to be distinguished from our competitors?
 - How might we be intentionally different in 5-10 years?
 - How will we get there?

A written plan is valuable as documentation of the discussion and the decisions made along the way, but it is often anti-climactic in comparison to the planning process. It may also be valuable as a tool for reminding physicians of their agreements, as a means of sharing the physicians' goals with the staff or potential recruits, and with financiers if major new capital developments are anticipated.

How is Planning Related to Management?

Planning is a distinct activity from day-to-day management. It requires a deliberate effort to step outside the moment-by-moment challenges to see the big picture and to creatively visualize a better future without the disruption and confusion of daily stresses. It takes discipline and perspective to accomplish it well, which is why many medical groups engage independent consultants to guide the process and to facilitate discussions. Convening a weekend retreat away from the office can be an excellent investment for strategic planning discussions.

Who Should Be Involved?

Planning impacts the whole medical practice in some way, but the physician-owners are the primary architects of the business, and the management team is most likely to be directly involved in carrying out the decisions that emerge from the discussions. Together they may want input on key issues from specific staff members, some of whom may feel a particular sense of ownership about their jobs, but the responsibility for making decisions must remain with the owners of the business.

A professional facilitator adds value to the process by bringing visionary perspectives from multiple settings, by having the freedom to ask hard questions that may be uncomfortable or unpopular, but which are vital for creating an honest dialogue, and by giving every retreat participant the freedom to participate without the responsibility of meeting details.

What are the Benefits of Planning?

Planning advances the health of the organization in both tangible and intangible ways:

- It unites physicians around the common good of the organization. It helps each one understand how their personal ambitions fit with the ambitions of their colleagues, and how they can leverage each other for the common good of each physician as well as for patients and staff.

Planning has both tangible and intangible benefits.

Strategic planning requires more than an initial step. It needs to periodically be refined and updated.

- Research provides a clear and current picture of the forces shaping the business and offers a platform for making proactive, rather than reactive, decisions about the future of the medical practice. It gives physicians a chance to seize opportunities for clinical and business improvements rather than risk falling behind the capabilities of competitors
- It clarifies the reasons why the group is together and builds upon those qualities to attract and retain like-minded physicians. It helps the group identify what it does best, and how to capitalize on its unique strengths with developments in the scope, profitability, and effectiveness of its services.
- It provides opportunities for groups to prioritize their efforts and allocate limited resources in ways that are consistent with their goals, resulting in greater operational efficiency and clinical effectiveness.

How Often Should Planning Be Done?

Plans change over time because the circumstances and assumptions used to form them change. I recommend an annual retreat as a means of reviewing and celebrating progress, updating the understanding of key internal and external forces impacting the group, and either setting new goals or refining commitments to long-term goals established earlier.

What are Some Examples?

Lakewood Family Medicine of Holland , Michigan came to The Hekman Group as a strategic planning client in 1998. The family practice group had grown rapidly in the prior five years from three physicians to eight, had built a new facility, and had recently appointed a new administrator. The community was growing as well, and the hospital was eager to help the group expand its capacity even further. The group recognized both its potential and its business risks, and committed to the strategic planning process as a means of managing its future.

The group now convenes semi-annual half-day retreats around agendas ranging from mission statement development and recruitment strategies to technology and construction plans. The facilitator also provides updates to local demographic and economic trends and continually guides group discussions around key questions about its role in the community. Retreats are roughly equally balanced in wrestling with internal and external forces impacting the group practice.

The group's administrator, Beth Zandstra, credits its commitment to strategic planning for much of their success over the past several years. Highlights include accomplishments like these:

- The group grew from eight to eleven like-minded physicians without compromising profitability.
- The average physician compensation in the group exceeded the national median by 20% for all but one year since strategic planning began.
- The group was among the first to adopt electronic medical records (EMR) in the area, achieved a 50% return on its investment, and set the standard for other practices in the community.
- The practice added space to accommodate anticipated growth, with financing to even out the business risks, despite economic challenges in the community.

Strategic planning reaches beyond mere survival mode!

“... They are finally on the same page, and both the practice and the community are benefiting because of it.”

According to Beth Zandstra, “Strategic planning created an environment in which we could do more than just survive – we could thrive. There’s no way we could have done all that without asking the hard questions and having the courage to answer them with solid information and honest discussions.” She indicates that the physicians and the management team regularly cite their commitment to excellence as a reason to improve services and make better decisions. Their unified excitement is palpable.

Great Lakes Orthopaedic Center in Traverse City, Michigan developed as the result of a merger of two groups in the mid-nineties. By 1999, they had united into a beautiful new facility, but struggled with a weak management team and fractious staff, compounded by significant overhead. Physicians were prone to work independently and to minimize their commitment to making and assimilating group decisions. A looming crisis with overhead and management forced them to consider strategic planning.

The nine-physician group embraced an initial assessment of the business health by The Hekman Group which included a recommendation for annual retreats. The group began to process information about the business, the community, and internal dynamics that they had never seen before, and they united around a mission to “provide high quality, specialized orthopaedic services with a compassionate team approach.” They also recognized a need to create an attractive recruitment package to replace as many as five aging physicians approaching retirement, and to anticipate the growth of the vacation community. They ultimately recognized the need to change their management structure, and secured a new professional leader with the help of the consultant who was already familiar with their history and potential.

After six years of strategic planning, the group has developed and implemented succession plans for retiring physicians, trimmed overhead, expanded services and provided the foundation for the development of regional trauma services at the local hospital. Administrator Steve Smith credits the foresight of his physicians and their commitment to strategic planning for their success. “They all know the plan now, and they hold each other accountable to it. They are finally on the same page, and both the practice and the community are benefiting because of it.”