Strategic Planning in Healthcare

3

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Learning Objectives
By the end of this chapter, the learner should be able to understand:

- The process for the development and implementation of a strategic plan.
- When to commence planning and some of the tools that will be useful in strategic planning.
- Pitfalls to avoid in planning, prioritisation and allocation of resources.

3.1 Introduction

> "By failing to prepare, you are preparing to fail."
> *Benjamin Franklin, Polymath.*
> "If you don't know exactly where you're going, how will you know when you get there?"
> *Steve Maraboli, Author and Behavioural Science academic.*

Firstly, when considering the process of strategic planning it is important to understand what this means. The word strategy is originally derived from the Greek word στρατηγία (*stratēgia*) [1] and is a high-level plan to achieve one or more goals under conditions of uncertainty. Strategic planning has been described as a systematic process of envisioning a desired future and translating this vision into broadly defined goals or objectives and a sequence of steps to achieve them [2].

Johnson and Scholes [3] state that strategic planning helps to determine the direction and scope of an organisation over the long term, matching its resources to its changing environment and, in particular, its markets, customers and clients, so as to meet stakeholder expectations.

Thus, an organisational strategic plan denotes a general programme of action and an implied deployment of resources and forms the basis for how organisations achieve their long-term objectives. The plan should provide a high-level road map for the future direction of the organisation and support more detailed planning, and prioritisation and allocation of resources. Strategic planning generally came to prominence in the 1960s and has progressively been incorporated into the healthcare setting over the past 30 years.

A strategic plan will be of limited value unless it is aligned with the operations of the organisation. There is little point in expending many resources and much energy into a plan that is described in detail in a glossy document which then sits on the shelf and gathers dust until the preparation begins for the next strategic planning cycle.

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In many jurisdictions the development of a strategic plan is part of the corporate governance requirements for an organisation. For example, in the state of Victoria the strategic overview forms part of the Statement of Priorities for public health institutions [4]. In this example the strategic plan is signed off by the Board of the organisation and requires approval by the Victorian Minister for Health.

The principles discussed in this chapter are described in the context of developing a strategic plan for the entire organisation; however, these principles can equally well be extrapolated to planning occurring at a divisional, departmental or service level within an organisation. Figure 3.1 represents the life cycle of a strategic plan process. Strategic plans vary in duration but most commonly in the healthcare context they will be established for a 3–5 year period. Each of these steps will now be described in more detail.

3.2 Preparing for the Strategic Plan: Setting the Mission, Vision and Values for the Organisation

Before embarking on the detailed content of a strategic plan it is essential to have determined the vision, mission and values for that organisation. Often these will have already been agreed as part of a previous planning cycle. If this is the case it is not necessary to spend a lot of time changing these significantly, especially if a robust process has been undertaken previously. Clearly if the organisational focus or environment has changed significantly, then more time may need to be spent on this activity. However, whatever the situation, the mission, vision and values should at least be briefly reviewed to determine that they are still relevant, and if so, the organisation should then quickly move onto the development of the strategic plan itself.

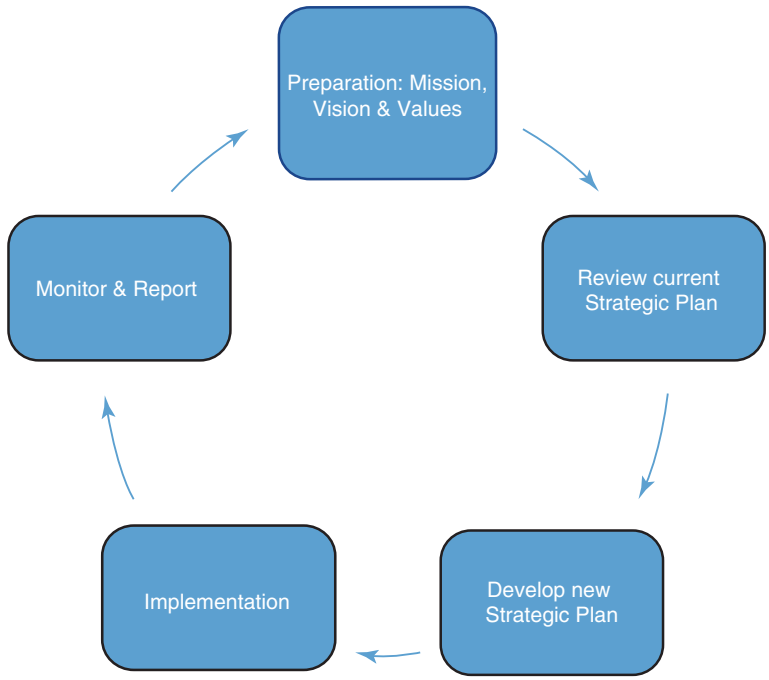

Fig. 3.1 The life cycle of the Strategic Plan

The organisation's mission is a brief statement identifying the fundamental reason as to why it exists, what it actually does and how it will achieve its vision. It creates a sense of direction, broadly describes the organisation's capabilities and can be written as the "present state". For example, the mission statement of a district hospital may be expressed as "General Hospital exists to serve the people of the district". Developing a mission statement is the first step of strategic planning and provides a foundation for the process. It is also important in later prioritisation.

The vision statement defines the organisation's desired future state. The vision should be future orientated, ambitious and aspirational while at the same time being realistic and achievable. According to Zuckerman [5], the vision statement should project to a point in time far enough from the present so that the future for the organisation is unpredictable. Generally the vision statement is a concise single sentence, or occasionally two, which is specific enough to uniquely describe the organisation. The vision should also be credible to the staff of the organisation so that it can provide meaning for their work.

The mission statement is timeless whereas the mission statement, while futuristic in nature, is time bound. Despite this a well-developed vision can remain the same for many years.

The organisation should also have a set of values which are principles that guide the actions required at all levels of the entity to achieve the mission and the vision. These values provide information to employees as to how they should conduct themselves and how they should undertake their roles in order to achieve the organisation's mission, vision and goals. Most organisations now incorporate their values into their individual role descriptions and performance appraisal and development processes.

Once the mission, vision and values are agreed the next steps are to develop Goals and Objectives to direct the strategy: these aspects of the strategic planning process will be discussed later in this chapter. Some examples of the mission, vision and values of major medical institutions around the world are presented in Tables 3.1, 3.2, and 3.3 [6–8]. They vary slightly in their format but provide excellent well-constructed illustrations.

Table 3.1 Mission Statement from Johns Hopkins Medicine, Baltimore, USA

Mission	Vision	Core values
• The mission of Johns Hopkins Medicine is to improve the health of the community and the world by setting the standard of excellence in medical education, research and clinical care • Diverse and inclusive, Johns Hopkins Medicine educates medical students, scientists, healthcare professionals and the public; conducts biomedical research; and provides patient-centred medicine to prevent, diagnose and treat human illness	• Johns Hopkins Medicine pushes the boundaries of discovery, transforms healthcare, advances medical education and creates hope for humanity • Together, we will deliver the promise of medicine	• Excellence and Discovery • Leadership and Integrity • Diversity and Inclusion • Respect and Collegiality

From Johns Hopkins Mission, Vision & Values: https://www.hopkinsmedicine.org/the_johns_hopkins_hospital/about/mission.html

Table 3.2 Mission Statement from Melbourne Health, Victoria, Australia

Mission	Vision	Values
• Melbourne Health's Mission is to provide world-class healthcare for our community. We will embrace discovery and learning, build collaborative relationships and engage our patients in their care	• "*Passion for Caring—Achieving the Extraordinary*"	• *Respect* for the dignity beliefs and abilities of every individual • *Caring* and compassion • *Unity* as a team and in embracing our communities • *Discovery* through passion for innovation • *Integrity* by being open, honest and fair

From Melbourne Health Mission, Vision & Values: http://www.mh.org.au/our-goals-and-values/w1/i1001228/

Table 3.3 Mission Statement from *St Vincent's Health Australia*

Mission	Vision	Values
• As a Catholic health and aged care service our Mission is to bring God's love to those in need through the healing ministry of Jesus • We are especially committed to people who are poor or vulnerable. We draw on the talents of our people and collaborate with others who share our vision and values to continue the pioneering spirit of Mary Aikenhead and the Sisters of Charity. We are committed to providing compassionate and innovative care, enabling hope for those we serve	• To lead transformation in healthcare inspired by the healing ministry of Jesus	• *Compassion*: Caring for others with an openness that affirms life and healing • *Justice*: Acting with courage and fairness in pursuit of what is right and just • *Integrity*: Ensuring our actions and decisions are grounded in our values, reflecting both honesty and authenticity • *Excellence*: Demonstrating a passionate commitment to continuous improvement and innovation

From St Vincent's Health Australia Mission, Vision and Values: https://svha.org.au/home/mission/mission-vision-and-values

These examples show that, in health, these statements and values are centred around the core business of clinical care, generally with a focus on patient centredness. There is generally also some representation of the organisation's role in education and research or innovation.

There are, of course, many more examples which can be found on the websites of health organisations and in their strategic plan documents which will generally be available in the public domain.

3.3 Reviewing the Current or Previous Plan

Once the mission, vision and values have been confirmed, the next step is to review the previous strategic plan. This review should include an evaluation of how many of the goals and objectives related to the previous plan were achieved and whether any of the components of the plan should be rolled over into the new cycle. If certain aspects of the plan were not delivered, then the reasons for this need to be questioned. In particular, the organisation should ask whether this was purely a timing issue or were there objectives or deliverables that were just too ambitious. Has the external environment changed politically or financially resulting in these unmet goals becoming unachievable? Some of the goals may form part of a longer term strategy which extends beyond the usual 3–5 year timeframe for the plan, and these will need to be represented in the new plan, but potentially with revised goals and objectives.

This review is probably best and most simply undertaken by the executive and senior management team in the organisation. The information gathered can then be collated and prepared to inform the next stage of the cycle, the development of the new strategic plan. Ideally this should be undertaken around 6 months prior to the expiry of the current strategic plan in order to allow time for review and stakeholder consultation.

3.3.1 Developing a New Strategic Plan

The development of a new strategic plan for the organisation firstly requires consideration of some key points including the model or methodology to be used, the tools that will be employed to assist the process and the selection and engagement of stakeholders to contribute to the development of the plan.

3.3.2 Models for Strategic Planning

There are a number of models that are described for use in strategic planning exercises and the choice of model depends on a number of factors including purpose of the strategic planning exercise, whether the organisation has previously undertaken a formal strategic planning process

and how successful this has been, the culture of the organisation and the environment of the organisation [9]. Some of these models are outlined below:

Vision- or goals-based strategic planning: This is the most commonly used model in healthcare, and the one which will be described in this chapter. It starts with identifying a vision for the organisation, which is often quite ambitious or aspirational, and then works to identify the goals that are required to achieve the agreed vision.

Issues-based strategic planning: This model works in reverse to the vision-based model in that, instead of working backwards from the future vision it starts with the present and looks to the future. It is better suited to organisations with limited resources who have several current issues which require relatively quick resolution.

The alignment model: This model strives to ensure a strong alignment between the mission of the organisation and its resources. It is most useful for fine tuning strategies or identifying why they are not working.

Scenario planning: This model is most often considered as an adjunct to other models for strategic planning in that it may be used to enhance strategic thinking.

Organic or self-organising planning: This may be used in specific environments where an unfolding and naturalistic process may be preferred to a more traditional mechanistic and linear process. It is a process very much focused around shared values and reflective practices, and utilises tools such as dialogue and story boarding.

Real-time planning: This is a more dynamic approach to planning which is useful in organisations where the environment, particularly the external environment, is rapidly changing.

3.3.3 Stakeholder Engagement and Input

There needs to be a strong sense of ownership of the strategic plan at all levels of the organisation. It is helpful to take both a "top down" and "bottom up" approach to the planning; however, the methods for seeking input may vary. The development of the strategic plan will generally be led by a senior group in the organisation, often the executive group or committee, with accountability ultimately sitting with the chief executive officer. If the process is done well it can also provide an excellent opportunity for team building which will in turn increase the acceptance and ownership of the plan.

Nilofer Merchant [10] proposes that a strategy which is top down and led by a small group of executives and then passed down through the organisation is likely to be more poorly executed than one developed outside of the board room bringing people from all levels of the organisation together. Her philosophy is "engage all of the company, but not after the process, *during* the process". Similarly Simons [11] states that "discussions must cascade down the organisation, not stay stuck at the top". He also emphasises that operational managers are a key part of the process as they are generally the ones who can commit to actions and are responsible for the results.

Stakeholders are individuals or groups of people internal or external to the organisation with an interest, or stake, in the strategic planning process and its results. A formal stakeholder analysis should occur at the beginning of the strategic planning process. This will allow identification of which individuals or organisations should be including in the planning process, what roles these stakeholders should play and at what point in the process the engagement should occur, and finally allows opportunities for relationship building along the way.

Consumers should be identified and included in the planning from the earliest stages of development. Most healthcare organisations now recognise the importance of consumer involvement in healthcare planning and will have existing consumer resources that can be consulted, for example, community advisory councils or committees, support groups, and consumer reference groups or registers. There are many reports and publications available that describe the value of consumers in health service planning, for example, the

Victorian Auditor General's report (2010) [12]. There are also many guides available to provide guidance for health services wishing to involve consumers in their service such as those provided by the Health Issues Centre [13].

Once the stakeholders have been identified consideration should be given to the methods for receiving their input. It is not a one-size-fits-all approach. Clearly it is impractical to talk to everyone in the organisation individually; therefore, ideally use should be made of existing forums or meetings. Additional focus groups may be held for clinical and non-clinical staff, and for internal and external stakeholders. Some tailored individual or small group discussions may be appropriate. The use of simple and easy to access survey tools such as Survey Monkey [14] may assist and add useful information but the questions need to be well thought through and the survey designed to ensure that the information received is manageable, easy to collate and can provide added value to the plan.

Face-to-face consultation sessions for stakeholders should be well planned and structured in order to optimise the use of their time and with clear expectations of what will be delivered at the end of the sessions. Use of an experienced internal or external facilitator can be helpful. A trained facilitator can direct the process efficiently and also assist with the collation and presentation of information. Facilitators will keep the group moving forwards, avoid unnecessary distractions related to side issues, and can help participants resolve disagreements and develop effective solutions. It is important that all of those involved in these consultation sessions are subsequently provided with the opportunity to feedback on the draft plan as it becomes developed. Flexibility is required to engage groups who are key opinion leaders, such as senior medical staff in the hospital setting, who may be more difficult to attract to existing forums or focus groups, and a suitable strategy must be identified to ensure appropriate engagement of such groups. Failure to seek input from such important contributors will inevitably impact adversely on the success of the plan.

3.4 Tools to Support the Development of a Strategic Plan and Its Related Goals

In health it is important to review the context for the plan and consider the internal and external factors that influence the priorities of the health service. Some tools to facilitate this and examples of the factors that should be considered are described in the following section.

A good way to gain input from a wide range of stakeholders is to use a SWOT analysis which explores strengths, weaknesses, opportunities and threats (illustrated in Fig. 3.2). The exact origins of the SWOT analysis are obscure but it is a widely used planning tool [15]. The process for conducting a SWOT analysis will vary and be influenced by the number and availability of stakeholders, and the rate of change of the internal and external environment. As discussed in the previous section, this is an area where the use of an experienced facilitator may be of benefit.

The four components of the SWOT analysis are detailed below with expansion to include factors of potential relevance to the healthcare sector. Strengths and weaknesses tend to be internally driven and focused, whereas opportunities and threats more related to, and influenced by, the external environment.

Strengths: our capabilities—what are we doing well, what are we/ could we be good at? These are advantages that can be exploited by the organisation. These might include the following:

- Competitive advantage
- Unique selling points
- Location or geographical situation
- Good financial reserves or access to alternative resources such as philanthropy

- Resources, assets, people
- Innovations
- Accreditation, qualifications, certifications
- Philosophy and values
- Excellence in customer service

Weaknesses: our limitations—what are we not doing well, what are we not good at?

Weaknesses may include:

- Lack of competitive strength
- Poor financial situation
- Low morale amongst staff, lack of commitment, weak leadership
- Unfavourable geographic location
- Poor staff attraction and /or retention

Opportunities: what factors internally or externally might favour or benefit the organisation if we take advantage of them?

Opportunities may include:

- Industry and lifestyle trends
- Niche target markets and targeted funding opportunities
- Information and research

Threats: what internal or external events and trends are unfavourable to the organisation?

Examples of threats:

- Market demand
- Political influences
- Environmental effects
- Loss of key staff
- Economic changes

It may also be helpful to undertake a "PEST analysis" to scan the external macro-environment in which the organisation operates. Like the SWOT, the exact origin of this approach is difficult to determine (Fig. 3.3). The PEST describes a framework of macro-environmental factors used in the environmental scanning component of strategic management (Fig. 3.3). Some analysts have added legal and rearranged the mnemonic to SLEPT; others have inserted environmental factors and expanded it further to PESTEL or PESTLE.

Fig. 3.2 The four quadrants of the SWOT analysis

The basic PEST analysis includes the following four factors:

- *Political* factors which are those that relate particularly to the impacts of government policy on the sector. This includes the funding and regulatory environment within which the organisation operates and whether there are any declared or anticipated changes to these over the life cycle of the plan.
- *Economic* factors including economic growth and other issues relating to the financial environment. These factors have major impacts on how businesses operate and make decisions. The economic environment has an indirect effect on health: employment and unemployment, affordability, demand for private versus public healthcare, workforce

Fig. 3.3 Components of the basic PEST analysis

availability and patterns, potential for the introduction of substitution models for service delivery, the size of the organisation itself and whether it can or should grow (or decrease) in size. Is the organisation operating services that are identified as priorities by the funding body or, if not, does it have the capability to do so? In addition, consideration may be given to the position of the organisation in terms of service delivery, for example, is it one of many organisations providing similar high volume services to a local population, or is it a highly specialised service providing tertiary or quaternary services at a state-wide level or even with a role nationally?

- *Social* factors: These include patient or client demographics, lifestyles, religion, education, population growth rate and age distribution, changes in disease patterns, burden of disease that will impact on demand for services, life expectancy, infant mortality and public expectations.
- *Technological* factors: These may include research and development activity, technology incentives and the rate of technological change. Furthermore, technological shifts can affect costs and quality and can lead to innovation. New technologies or clinical practices that have emerged or are gathering evidence should be identified to determine if they may impact on aspects of the planning over the projected cycle for the strategic plan, including the introduction of new drugs, surgical procedures and equipment.

If the analysis is expanded to PESTLE or PESTEL this adds:

- *Legal* factors which can affect how an organisation operates, its costs, its risk profile and the demand for its products.
- *Environmental* factors include ecological and environmental aspects such as weather and climate but these are obviously less relevant in the healthcare context.

3.4.1 Porters Five Forces Model

This model, proposed by Michel Porter in 1979, has been used in the healthcare industry and may be particularly useful in the context of private hospitals or providers [16]. It facilitates evaluation of the competitive nature of the sector (Fig. 3.4).

In health the five forces may cover the following areas:

- Force 1: Barriers to entry. In healthcare barriers may include volume of practice; in other words, if a certain procedure is not going to be undertaken at an adequate volume, it may be detrimental to undertake this

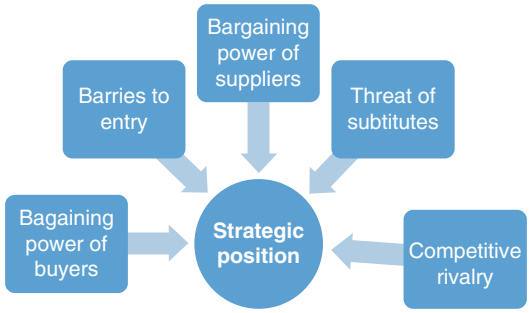

Fig. 3.4 Illustration of Porters Five Forces Model

in a particular institution either on quality grounds or in terms of financial efficiencies. Another potential barrier is "brand loyalty"; in other words, patients or referrers might be reluctant to switch to a new provider, hospital or practitioner/specialist, in preference to the established one who they have used before. Adequate infrastructure, including human resources, are also considered in this category.

- Force 2: Threat of substitute products or services. In the private healthcare industry these threats could come from public or not-for-profit organisations.
- Force 3: Bargaining power of the buyers and customers. In healthcare the buyer may not necessarily be the patient, although they may be influenced by the potential cost of the treatment, including co-payments. Buyers in this context may include private insurers or governments.
- Force 4: Bargaining power of suppliers. In the healthcare industry context the suppliers include medical or other clinical practitioners who provide the services, and medical equipment, pharmaceuticals or consumable suppliers.
- Force 5: Competitive rivalry: This describes the intensity of competition for market share from other companies in the industry or sector. The weapons used in this rivalry may include pricing, product or service design, advertising and promotion, and post service support.

Perrott and Hughes [17] from the University of Technology, Sydney, and the University of Canberra describe in some detail the use of this methodology to analyse the main forces at play in the private hospital industry in Australia.

The strategic plan should ensure that the most effective use of available resources is made, and at the same time be realistic about any additional resources that may be required to deliver the goals and objectives. In the health sector funding is always tight and often capped; therefore, it is pointless to set aspirational goals that are dependent on substantive injections of resources, unless these have already been secured.

3.5 Development of Goals and Objectives

As discussed earlier, once the mission, vision and values have been confirmed and adequate and relevant stakeholder consultation has occurred, it is time to formulate the goals and objectives that support the strategic plan.

Goals are specific statements of the desired results to be achieved over a specified period of time within the life cycle of the plan. Objectives are measurable statements or incremental milestones which specify changes or benefits that the organisation hopes to achieve as it strives to achieve a specific goal. A number of objectives may be required to meet a specific goal. Merchant [10] advises against leaders overdefining the specifics of how the strategy should be executed. Instead she recommends that there will be greater sense of ownership if local area managers and frontline employees are asked how they might achieve the objectives. This often allows a broader range of ideas for potential success.

Goals and objectives set in the strategic planning process should be SMART as in Fig. 3.5.

Specific: Specific objectives or actions will be more successful than general ones. In set-

ting specific objectives one should ask the six "W" questions: WHO is involved, WHAT is to be accomplished, WHERE the action will occur, WHEN will the action occur, and the timeframe, WHICH identify requirements to be considered and constraints or obstacles that need to be overcome, and WHY the action is required, the reasons, purpose and benefits.

- *Measurable:* Very specific criteria should be developed for measuring progress towards attaining each objective or action. Having well-defined metrics increases the likelihood of success.
- *Attainable:* Once objectives and actions have been identified, a process should also follow where the steps towards achieving them are clearly spelt out with anticipated timeframes to enable purposeful tracking.
- *Realistic or relevant:* An action must represent an objective that the area concerned recognises as important and that the members of that area are willing and able to work towards in achieving this objective. Resource requirements and risks need to be taken into consideration.
- *Timebound*: There is no drive to complete actions without a defined timeframe.

3.5.1 Alignment with Organisational Plans and Operations

No strategic plan can be effective unless it is aligned with the day-to-day operations of the business. It is therefore essential that there is an action plan to support the implementation of the strategic plan. In most organisations this will take the form of an annual business plan or operating plan. This describes the critical success factors or objectives, who will be responsible for each of the objectives, the key performance indicators (KPIs), the steps or tasks to be completed to achieve the objectives and the timeframe for completion. This business plan will then be monitored on a regular basis, usually by the organisation's executive.

The organisational business plan will then usually inform operational plan for divisions and departments throughout the organisation. Individual workers will generally have annual performance goals which relate to these plans as well as the agreed organisational values. This relationship is illustrated in Fig. 3.6.

The strategic plan may also be aligned with other organisational strategy documents which provide more detail from a specific perspective.

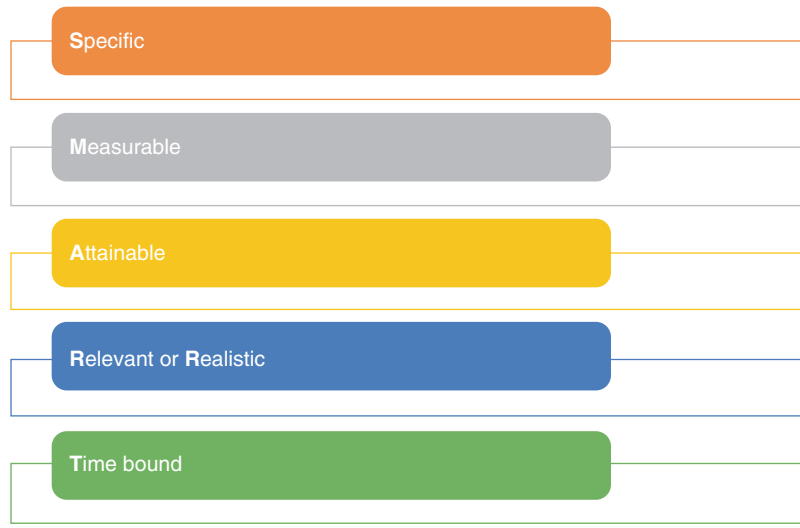

Fig. 3.5 Goals and objectives should be S.M.A.R.T

Fig. 3.6 The cascade from the organisational strategic plan to the performance of individual staff members

For example, there may be an information technology strategy or a human resources or workforce strategy.

3.6 Implementation of the Strategic Plan

Most successful strategies will comprise 10% formulation and 90% implementation. It is harder to put the strategy into effect than it is to plan it.

Once the content of the strategic plan has been agreed, a document will be developed that describes it. This document usually starts with an introductory message from the organisational board chair or equivalent position and/or the Chief Executive Officer. It will then articulate the mission, vision and values of the organisation. There will be some description of the service environment, including reference to current policy and planning documents that are relevant to the sector. There will be a summary of the key achievements from the previous strategic plan. This will then be followed by the core content of the document, the strategies, objectives and/or the actions to be undertaken to achieve these and the KPIs that will represent achievement of the objectives.

Generally the completed strategic plan will undergo a formal sign-off process by an external governance body. In Australian context this may be the relevant state or territory department of health.

3.6.1 Communications and Launch

Once the strategic plan is completed, it should be communicated and promoted across the organisation and be freely available for both internal staff and consumers as well as external parties. Generally this will be coordinated through the marketing, communications or public relations departments of the organisation. The plan may be distributed in hard copy and available in electronic format on the organisation's website. An abbreviated form may be available and displayed at strategic points around the organisation including in public places.

As discussed earlier in this chapter, Merchant (2010) and others suggest that a whole of organisation approach to strategy development results in a greater level of buy in and will make the execution of the plan easier and smoother. However, whatever the level of organisation wide involvement in the development of the strategic plan it needs to be relayed to all employees through their managers so that it feels real, achievable and valuable to the customer. Tools such as visual aids, using "strategy maps", can help frontline

employees see how the organisation plans to achieve its mission. Metrics are an invaluable accompaniment to strategy communications and can bring more meaning into the "what" and "why" for all employees.

3.6.2 Monitoring and Reporting on the Strategic Plan

The reporting on the strategic plan and its associated business or operational plans will vary between organisations. As a general rule in healthcare the responsibility for this will sit with the CEO and the Executive with reporting up to the Board of Management (or equivalent). Generally hospitals will be required to provide reporting on their Strategic Plans to government, for example, through their annual Statement of Priorities.

Many organisations now use a Balanced Scorecard (BSC) approach for tracking and monitoring achievements against their strategic plan as first described by Kaplan and Norton [18]. The high-level components of a scorecard and their relationship to the strategy are illustrated in Fig. 3.7.

Fig. 3.7 Illustration of the range of components that may be linked to the organisational vision and strategy that may be reflected via the Balanced Score Card

The BSC approach supplements the traditional financial measures with criteria measuring performance from other aspects. These are listed below with examples relevant to the healthcare sector (see also Table 3.4 for how the BSC may be displayed incorporating a traffic light system to highlight areas of greater concern). Clearly however these are only a small number of indicative measures and these are very specific to the organisation and the regulatory environment. The details of how these measures are clustered and presented needs to be tailored for the organisational context, and the targets may be prescribed by external parties or agreed on an internal basis, whether this be historical or aspirational.

- *Financial*: For example, operating +/−capital expenditure versus budget. This might also include parameters that relate directly to revenue including in patient or surgical activity (for example, WIES or weighted inlier equivalent separations which are measures of casemix funding in Australia as shown in Table 3.4). Specific performance for areas of expenditure such as salaries and wages, or agency or locum staff expenditure may be included.
- *Access* (for patients): Metrics may include waiting times and lists, achievement of episodes of clinical activity and performance against externally established targets.
- *People and culture*: This can cover a wide range of parameters such as leave (particularly tracking outstanding leave balances and sick leave), training and education metrics, and occupational health and safety measures relating to employees. It might also include monitoring of staff credentialing.
- *Quality and safety*: Again a wide range of measures may be included such as monitoring of serious of critical clinical incidents and infection related parameters. Consumer feedback, patient experience and consumer involvement might be included here.

The BSC can cascade down from the whole of organisation level to divisional, departmental, team or individual. Ideally it should be formatted

Table 3.4 Example of the construct of a Balanced Score Card

			Month			YTD		
			Actual	Target	Variance	Actual	Target	Variance
Financial	WIES achievement							
	Operating result surplus (deficit) ($ 000 s)							
	Operating result as % total revenue							
	Salaries and wages expense ($ 000 s)							
	Agency expense ($000 s)							
	Debtors days							
	Creditors days							
Access	New outpatient (OP) appointments							
	Review OP appointments							
	Waiting list for new OP appointments							
	Emergency department length of stay >24 h							
	Emergency inpatient beds <8 h							
	Emergency triage seen in time (%)							
	Elective surgical waiting list (ESWL)							
	ESWL overdue patients							
People and culture	Sick leave as % hours worked							
	Excess annual leave hours							
	Excess ADO hours							
	Performance appraisals completed within 12 months (%)							
	Mandatory training up to date (%)							
	Staff OHS incidents (n)							
Quality and safety	Critical incidents (severity 1)							
	Critical incidents (severity 2)							
	Central line infections (n)							
	Hand hygiene compliance							
	Post-operative infection rates (%)							

so that it can be expanded or diminished to suit the audience. For example, the BSC presented to the Board and Executive will cover the high-level critical components, particularly those reflecting the greater risks within the organisation. However, the BSC presented to lower level governance committees or to individual Divisions or Departments may include a greater level of detail which is targeted at their specific purpose or activities.

3.7 Key Success Factors for Strategic Plans in Health or "Why Strategic Plans Fail"

Beckham [19] proposes there are a number of key characteristics of an effective strategy:

- *Sustainability*: The effects of the strategy are sustained over a time horizon that is long relative to lesser initiatives. Beckham suggests

that the plot of a strategy is bell curve shaped with the height and width of the bell curve reflecting the strength of the strategy.
- *Performance improvement* based on agreed organisational key performance indicators: The strategy creates significant value above what existed before. This does not necessarily relate predominantly to financial factors but access, quality of care, ethical practice and stakeholder/ consumer satisfaction.
- *Quality:* Clearly this links in with the previous characteristic. Strategies should also be evidence based where adequate evidence exists.
- *Direction:* This may not necessarily be linear but may bend and weave according to uncertainty and resistance that is encountered.
- *Focus:* or prioritisation. There are often many activities that could be reflected in a strategic plan but some will be more important than others at any given point in time. It is impossible to pursue all suggestions at once and any attempt to do so will generally end in failure.
- *Connection:* Components of the strategic plan have a high level of interdependence and synergy.
- *Importance:* While Beckham notes that importance is a subjective notion, there needs to be some contextualisation of strategies. A strategy needs to be supported by the argument that it is essential to sustainable success and has the highest impact on the business.

There are many reasons why strategic plans may fail. Some of these reasons are listed below along with some suggested mitigation strategies:

- *Failure to involve the appropriate people:* This can be avoided by a robust stakeholder analysis process as described earlier in the chapter. Consequences of this may be that frontline concerns are not heard: every failed strategy has people on the frontline who expressed concerns. These concerns should be heard and dealt with, and then people need to get on board once these concerns are resolved one way or another and the strategy has been finalised.
- *Cultural resistance:* There is cultural resistance from within or outside of the organisation. This can result in delays, waste or even total derailment of a strategic priority. It can also be minimised by careful and appropriate stakeholder engagement from the early stages of planning, rather than as a real or perceived token gesture late in the process.
- *Flawed group dynamics*: Unresolved conflicts remain or there is lack of decision-making or compromise. The use of an expert facilitator or strategic planner during the consultation process can mitigate against this risk.
- *Wrong time and place:* The plan was wrong for the time and or the environment. This can be avoided by ensuring that all of these factors are identified and carefully considered in the early stages of the planning process as described earlier in the chapter, for example, by using the SWOT or PEST analyses or a related process.
- *Ineffective leadership*: Beatty [20] quotes statistics that fewer than 10% of leaders exhibit strong strategic skills. Beckham also discusses that generally senior management in the healthcare industry tend to have a more operational and administrative focus. Clearly senior leaders need to take the responsibility for the development and delivery of a strategic plan but, again, assistance maybe provided by an experienced strategist either as a regular member of the team or in a consultancy role.
- *Poor adaptability or flexibility:* If the strategic plan is too rigid, this can inhibit flexibility, creativity and innovation. There should be the capacity even within the life cycle of the plan to adapt the course.
- *Imbalance between visioning and operationalisation*: Insufficient detail in design, financials, logistics or conversely too much time spent on how the plan will be operationalised and insufficient vision incorporated. This can result in failure to implement the strategic plan.
- *Isolation:* of the strategic plan from other organisational decision-making processes such as budgets and human resources management.
- *Lack of clear metrics*: Not creating enough, or the right, measures to evaluate the success of goals or objectives. Metrics need to be precise and relevant as described earlier in this chapter.

- *Over planning or poor planning*: Too much emphasis on the formal process of planning rather than the implementation. Keep it relatively simple, be inclusive of stakeholders, seek feedback throughout the process and ensure that there is a clear implementation process.

Top heavy or too lengthy approach: Too much of a top down approach can be problematic as discussed earlier, and if the process is too lengthy participants may lose interest and momentum. Both of these two problems can be avoided by ensuring an efficient but effective consultation process with clear timelines and a well thought through stakeholder engagement approach.

Finally, Sull, Homkes and Sull describe how to "bust" 5 "myths" associated with strategic planning [21]:

- Myth 1: Execution equals alignment. Most executives and managers believe that if their strategy is translated into performance measures and objectives that are being met, then their strategy should be successful. However, their research suggests that only 9% managers say they can rely on colleagues in other areas of the organisation all of the time and approximately 50% say they can rely on them most of the time. Coordination and breakdown of the "silo mentality" where individual sections of the organisation are inward looking and only concerned with their own outputs and outcomes, rather than recognising the interdependencies with other areas, is a critical factor in success. It demonstrates the requirement for excellent horizontal as well as vertical integration.
- Myth 2: Execution means sticking to the plan. As described earlier in this chapter, flexibility and real-time adjustment is required to deal with unexpected factors that arise during the lifetime of the plan and which have the potential to impact on its execution.
- Myth 3: Communication equals understanding. Quantity of communication does not compensate for quality. The strategy needs to be meaningful and translatable for staff at all levels of the organisation as well as external parties.
- Myth 4: A performance culture drives execution. Most organisations are good at recognising and rewarding good performance, but many struggle to consistently address underperformance. As well as rewarding execution, other strengths such as agility, teamwork and ambition should be recognised. In this study only 20% of respondents felt that behaviour that resulted in a manager achieving their own local objectives but failing to collaborate with colleagues outside their area of direct influence would be addressed and 20% believed it would be tolerated.
- Myth 5: Execution should be driven from the top. Execution should be guided from the top but best sits with "distributed leaders" in particular those who are middle managers who run critical businesses and functions within the organisation and technical experts who deliver key functions across business.

3.8 Reflections and Things to Try

In this chapter you learned:

Strategic planning provides a high-level roadmap for an organisation but must be aligned with the operational aspects of the entity.

Development of a mission statement, vision statement and organisational values are the first step to developing the strategic plan.

Identification and engagement of key stakeholders is an early and critical component of strategic planning.

Tools to assist the development of the plan including a SWOT analysis a PEST or PESTLE analysis and other models such as Porters Five Forces model.

After consultation and analysis has occurred to inform the plan, clear goals and objectives must be developed and the plan aligned with the business and operational plans for the organisation.

On completion an implementation plan is required including a launch and communications: the balance of effort between planning and implementation is important as often too much time is spent on planning with too little focus on implementation.

Key factors for a successful strategic plan include sustainability, a clear value proposition,

flexibility and prioritisation as well as relevant stakeholder consultation and engagement, not just in the development of the plan but throughout its life.

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