Designing and Executing a Successful Strategic Plan

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Learning Objectives

1. Understand the key elements of **designing an effective planning process** that is **collaborative** and **performance-driven**

2. Identify key strategies to successfully execute on strategic planning, including **prioritization, communication and tactical planning** that considers **limited resources**

3. Identify approaches to **monitoring, evaluating, and measuring** a multi-year strategic plan

4. And much more….

Discussion

Introductions

- Name
- Title
- Organization

Share / Discuss

- What would you like to take away from this session?

Group report out

Agenda Part 1 – Where do I start?

01 What is Strategy? Strategic Planning?
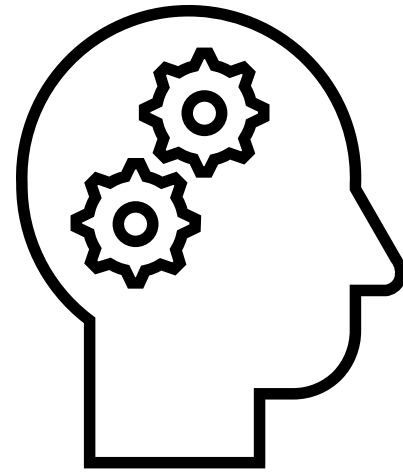
02 Why is it important?

03 Who is involved?

04 How do you design the process to be performance driven?

Understand the key elements of designing an effective planning process that is collaborative and performance driven.
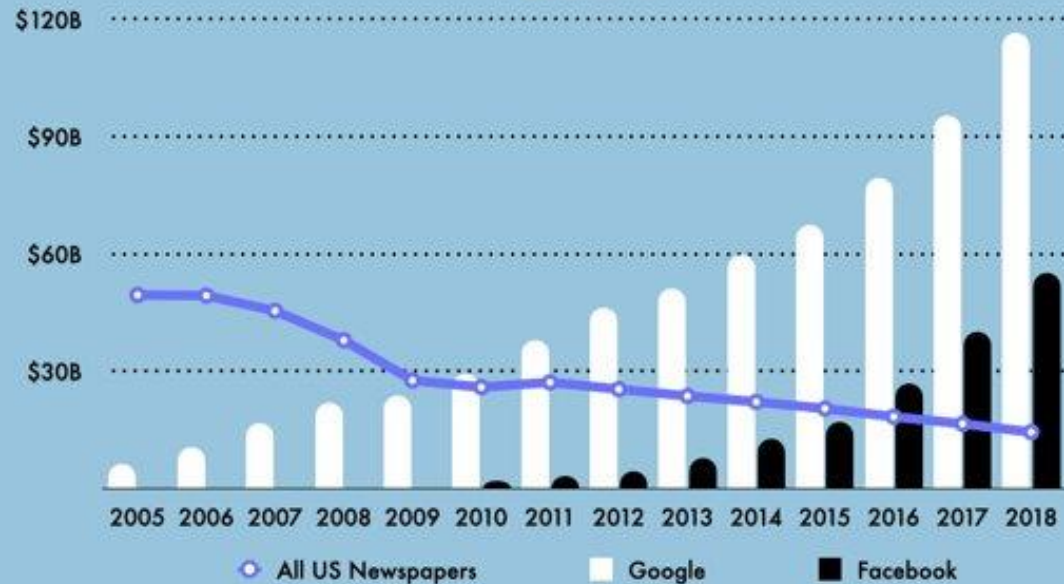
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Discussion:
What is strategy?
What organizations do it well?

New York Times: Newspapers faced an existential threat

...but most of those dollars have gone to Google and Facebook—not publishers.

Ad Revenue

$120B	
$90B	
$60B	
$30B	

2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018
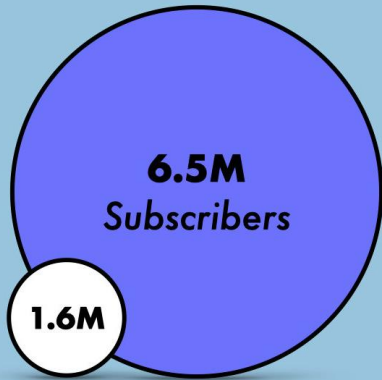
○ All US Newspapers　　☐ Google　　■ Facebook

For decades, newspapers made a fortune by selling ads.

So much so that Rupert Murdoch once described his papers as "rivers of gold".
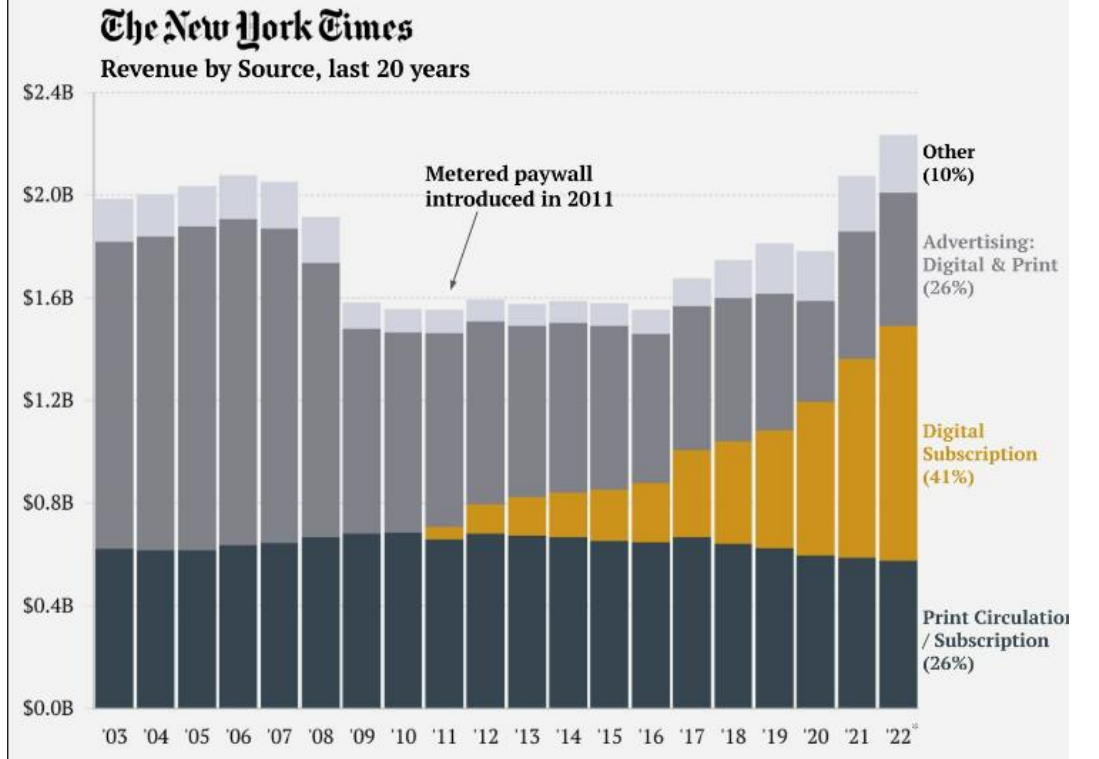
NY Times is now thriving --- How?

NYT now has 4X more subscribers than they did at their print-era peak.

6.5M
Subscribers

1.6M

Their financials are strong.

$0 Debt	**$756M** Cash & Equivalents	**10%** Operating Margin
$140M Net Income	**$200M** Free Cash Flow	**12%** Return on Equity

The New York Times has transitioned from an advertising-led to a subscription business

The New York Times
Revenue by Source, last 20 years

Metered paywall introduced in 2011

Other (10%)

Advertising: Digital & Print (26%)

Digital Subscription (41%)

Print Circulation / Subscription (26%)

$2.4B — $2.0B — $1.6B — $1.2B — $0.8B — $0.4B — $0.0B

'03 '04 '05 '06 '07 '08 '09 '10 '11 '12 '13 '14 '15 '16 '17 '18 '19 '20 '21 '22

Effective Process Requires a Combination of Strategy & Strategic *Planning*

Strategy

Strategic *Planning*

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Differentiating *Strategy* and Strategic Planning

Strategy – "the What"

an ongoing and iterative process of *identifying* and *solving* for *critical* challenges and deciding what *actions* to take in the context of *limited resources* / *available options*

"the discipline of winning"

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Strategic Choices Principles

04

Strategic Thinking combines analysis and creativity

Strategy is rigorous and generative - we analyze the world and imagine how it might be different.

01

Strategy is about making choices

To win, a company must choose to do some things and not others.

03

Strategy is about improving the odds of success

There is no such thing as a PERFECT strategy. You can never know for sure if a strategy will work.

02

Every company has a strategy

Strategy is what you do. It may or may not be a winning strategy but you do have one.

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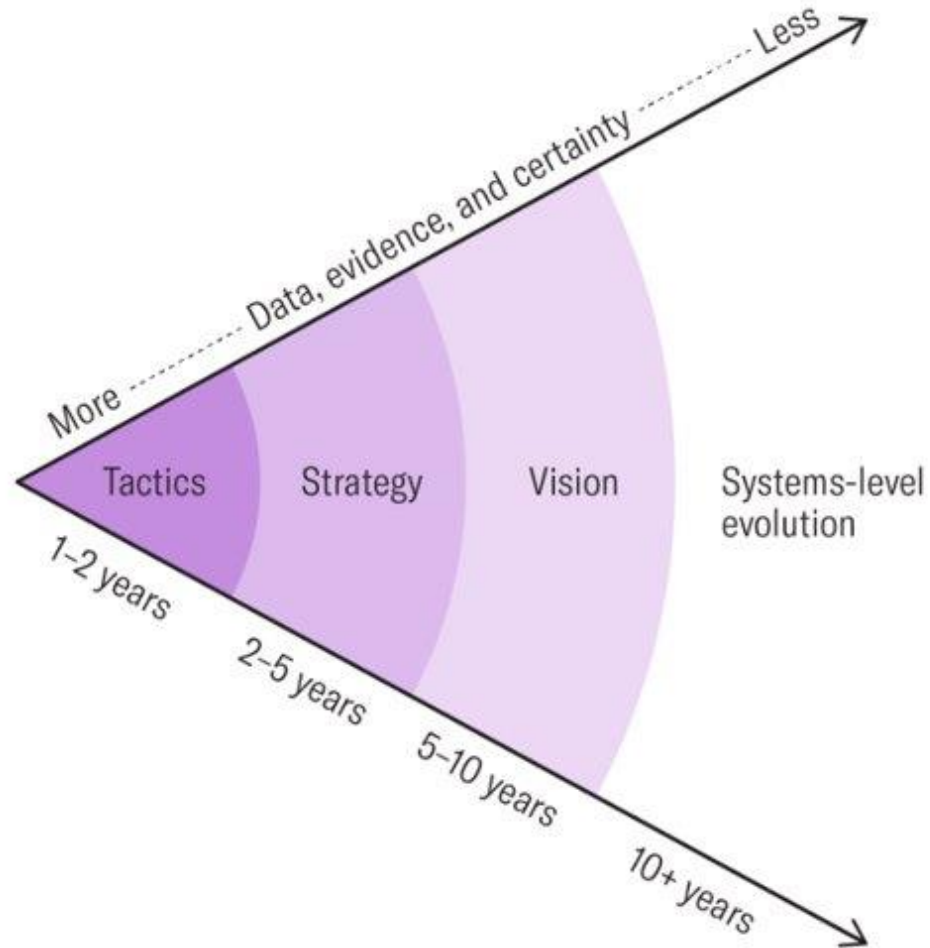Strategy & Market
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Source: Roger Martin, *Playing to Win*

Think of it as a compass, not GPS

Not GPS

Data, Evidence and Certainty Over Time
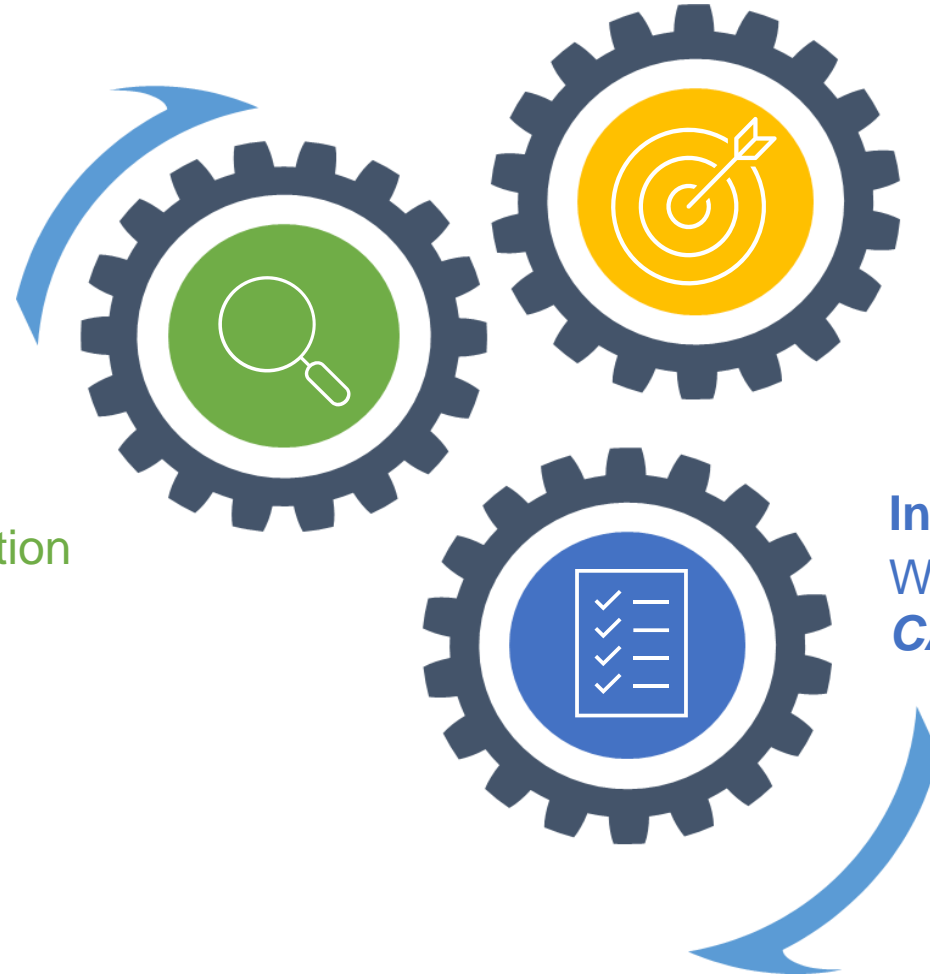

Source: Amy Webb, Future Today Institute

HBR

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Strategy Formulation

WHAT
YOUR COMPANY
OFFERS

NON-VALUE
OFFERINGS

Your Machete
Edge

UNMET
CUSTOMER
NEEDS

Commodity

WHAT YOUR
COMPETITORS
OFFERS

Competitor's
Edge

WHAT YOUR
CUSTOMERS
NEED

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Strategy Formulation

Integration of what the organization **SHOULD** do, **WANTS** to do, & **CAN** do

Mission, Vision, & Goals:
What the organization
***WANTS* to do**

**External
Assessment:**
What the organization
***SHOULD* do**

Internal Assessment:
What the organization
***CAN* do**

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Data vs Insights | What is an Insight?

Harvard Business Review

" **Actionable**, **data-driven** findings that create business **value**.
Kamal, Irfin. "Metrics are Easy; Insight is Hard." Harvard Business Review (24 Sept 2012)

Forbes

" An **unexpected shift** in the way we understand things.
Dykes, Brent. "Insight Literacy: Why We Need To Clarify What Insights Really Are. Forbes (8 Mar 2022).

Linked[in]

" An insight is a **revelation**.
Cole, Julian. "What is an Insight?" LinkedIn (17 Oct 2022).

Voxpopme®

" Insights help companies … determine **what should be done next**.
VoxPopMe. Accessed 24 Aug 2023.

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The Insights Process | Three Key Steps

Funneling Process

Analyzing **Data**

Generating **Findings**

Communicating **Insights**

The Insights Process | Characteristics of an Insight

Actionable —————————————— "NEXT BEST ACTION"

Data-driven —————————————— MULTI-SOURCED

Impactful —————————————— CAN HELP MOVE KPIs

Newsworthy —————————————— "AHA" MOMENTS

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Internal Assessment

- Volume
- Patient demographics
- Staff engagement surveys
- Patient experience surveys
- Quality data and surveys
- Key Stakeholder Insights

External Assessment

- Consider both the general and health care environment

- Assess how marketplace will evolve in the next few years

  - Demographic, economic, technology, delivery systems, reimbursement, regulatory/political, cultural, etc..

- Gather data on consumer perceptions/behaviors and shifts in needs

- Analyze competitor strategic positioning and actions

- Assess market forecasts

- Identify areas of opportunity

Sources of Data

- Internal sources – billing, EMR
- Marketplace surveys
- Industry analysts
- Professional associations
- Consulting partners
- Interviews
- Observations
- Statewide databases
- Community health needs assessments

SWOT Assessment Brings Together The Internal and External Assessment

INTERNAL	
Strengths • • • • •	Weaknesses • • • • •
EXTERNAL	
Opportunities • • • • •	Threats • • • • •

SUSMP Education

What Strategy is NOT…

01	**An aspiration** ("Be the leading VBC provider")
02	**A set of goals** ("Consumer Focused. Growth") or outcomes ("Increase market share by X%)
03	**Managing your numbers** (which is critical, but shouldn't be mistook for the creative / entrepreneurial activity of strategy)
04	**Purely an analytical exercise** (death by power point)
05	**A linear activity** (so much as an ongoing one with different horizons)
06	**Only a plan**, which is necessary but not sufficient
07	**Simply an idea or direction** (absent the social, political, financial and power levers required to execute it)

What is Strategic Planning?

"The How"

"
A process that outlines the <u>what</u> is the organization's **vision for the future** *and <u>how</u> will it* **get there...**
"

Framing the Strategic Plan

**TODAY**

FUTURE STATE

**How you're going
to get there**

Goals & Strategies

Environmental assumptions about the future
Mission, Vision, Values

Why is it important?

Provide process and structure	big issues facing your organization
Build understanding	key present/future factors likely to impact the organization
Establish what will differentiate	you from others in your market
Consider alternative	scenarios/directions
Build consensus	among stakeholders
Focus resources	on those efforts that really "count"

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Discussion:
How is strategic planning done in your organization today?
What works well?
What could be improved?
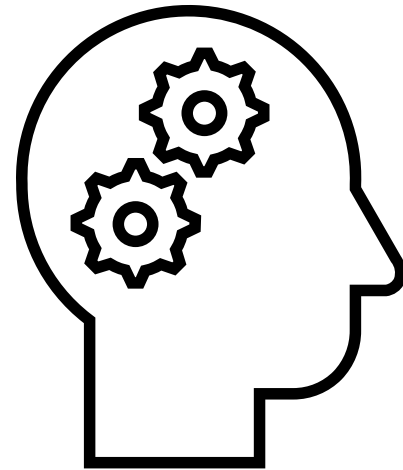
The Who: Successful Planning is Led from the Top

Organizational decision- [makers]

- CEO and C-Suite leaders
- Board of Directors

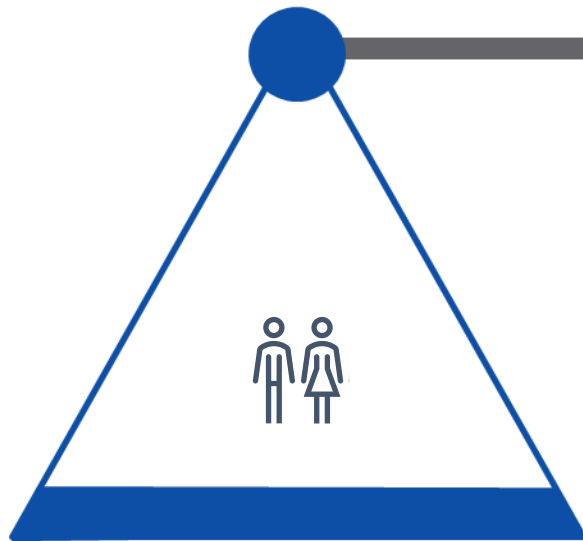**Key stakeholders who give input – broad participation**

- Medical staff
- Nursing staff
- Other clinical and non-clinical staff
- System leadership (if part of a system)

Outside perspectives

- Community
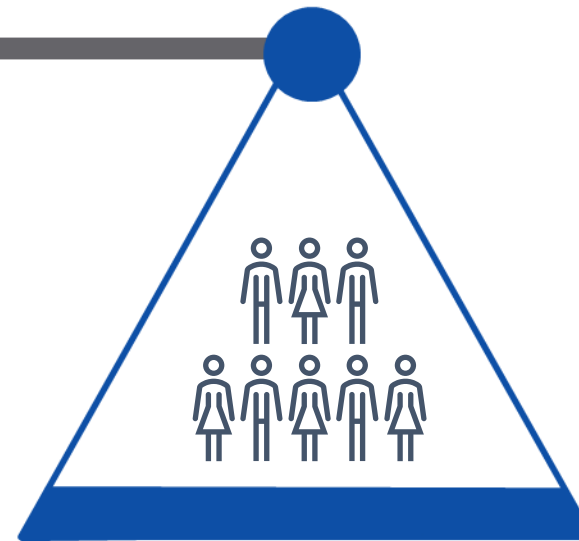- Government
- Suppliers
- Payors

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Balance Involvement

Too Little Involvement by Too Few People

- Missed perspectives
- Consensus among a few

Too Much Involvement by Too Many People

- Time delays
- Difficult to reach consensus
- Involving many = less individual involvement

Consider

- Backgrounds
- Agendas
- Perspectives

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Planning Groups

	Workgroup	Steering Committee	Board
Role	• Coordinate planning activities (gathering input, analytics, work products) • Develop planning frameworks	• Oversee/drive process • Receive information • Provide input • Make recommendations	• Review recommendations • Provide feedback • Approve plan
Size	• 4-7	• 9-13 • Hinges on culture/politics	
Composition	• Planning staff • Senior management	• Organizational decision makers: Board • Medical staff • Senior management	

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All Organizations are Political

Design an effective process
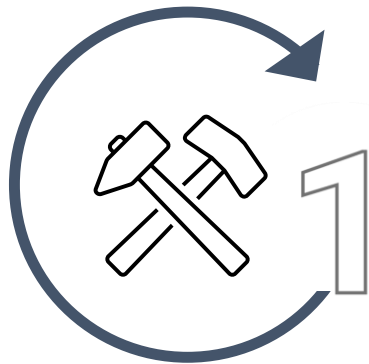
1 **Customized** to fit the organization's culture

2 Brings **all key stakeholders** into the mix…but **engage** different stakeholders **differently**

3 Drive everyone to build **consensus** and support the organization's direction
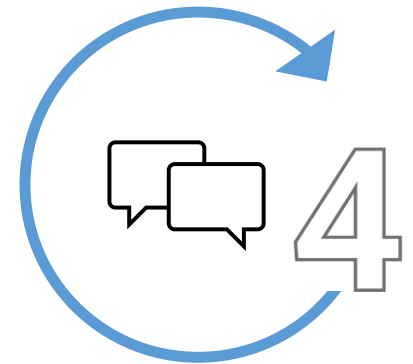
4 **Communicate, Communicate, Communicate**

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Strategic Planning Process a Tool for Building Organizational "Togetherness"

Critical for systems or organizations where parties **don't share a common history**

Alignment to **vision** and **priorities**

Process of strategic planning is as important as the *Product* of strategic planning

Agreement on **how define markets, products, services**

Common **language**

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Elements of a Strategic Plan

Strategic Outcome

Business Plan For a Specified Action

Commonly Used Terms

Pyramid Level	Terms
What? Where? Who? When?	Actions, Tactics, Tasks
Are we on track?	KPIs, metrics, goals
What do we need to do?	Strategies, Goals, Initiatives
What are major components of our game plan?	Focus Areas, Priorities
What do we want to be?	Vision
Why do we exist?	Mission/Core Purpose
What do we believe in?	Values

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What are the major components?

Priorities, Focus Areas

- A way to **frame** the plan

- Typically, **4 to 6**
  - **People/culture** is almost always on the list
  - Other common areas:

    ... Quality   ... Partnerships   ... Care Models

    ... Community   ... Experience   ... Finance

    ... Growth   ... Access

    ... Innovation

- **Metrics** are frequently set at this level

What do we need to do?

Strategies, Goals, Initiatives

- The **meat of the plan**

- **Cascade from above** – ask "how will this help us achieve our priorities"

- **SWOT analysis** can form the basis for developing strategies/initiatives
  – Leverage **S**trengths
  – Eliminate **W**eaknesses
  – Pursue **O**pportunities
  – Minimize the impact of **T**hreats

What do we need to do?

Strategies, Goals, Initiatives

- **Limit** the number of **initiatives** to ==20 - 30==
  - Remember, each initiative generally requires multiple tactics to execute

- Force the group to **make choices** and identify the "**high priority" initiatives**
  - "Dot" exercise is a quick and effective way to identify priorities

> Accomplishing 10% of ten initiatives doesn't have the same impact as 100% of one initiative.

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A Basic Strategy Framework – Corewell Health

MISSION Why do we exist?		**Improve health, instill humanity and inspire hope**
VISION What are we aspiring to?		A future where health is **simple, affordable, equitable** and **exceptional**
VALUES How do we behave?		**Compassion • Collaboration • Clarity • Curiosity • Courage**
PRIORITIES How will we succeed?		**Currently Finalizing**
FOCUS AREAS Where will we focus our efforts over the next 2-3 years?		**Currently Finalizing**
INITIATIVES What are our actions to achieve our goals over the next year?		**Currently Finalizing**
KPIS/GOALS What are our long-term goals/metrics?		**Currently Finalizing**

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Corewell Health Building Blocks

Aspiration

In Brief: Desired future position in the market relative to consumers, providers, employees, competitors, communities, etc.

Time Horizon:
5+ Years

Strategic Priorities

In Brief: Large objectives that must be achieved in order to reach the desired aspiration, each with clear metrics & targets

Time Horizon:
~3-5 Years

Areas of Focus

In Brief: Critical, distinct buckets of work within each Priority that guide and drive near-term planning and prioritization

Time Horizon:
~2-3 Years

Initiatives

In Brief: Groupings of aligned projects with similar objectives/goals.

Time Horizon:
~1-2 years

Projects & Tactics

Projects: Bodies of work with clear, measurable objectives and clear points of start/stop
Tactics: Ongoing work

Time Horizon:
~$\leq$12-18 Months

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A Basic Strategy Framework – Sheppard Pratt

Mission				
Values				
Vision				
Key Drivers				
PEOPLE	QUALITY AND CARE EXPERIENCE	INNOVATION	GROWTH	STEWARDSHIP
Strategies				
Tactics				
•	•		•	•
Measures of Success				
•	•	•	•	•

Proposed High-Level Process

Assess Current State	Develop the Future State Objective	Identify Strategic Priorities	Develop Focus Areas	Prioritize	Near-Term Roadmap	Governance and Communication
Dec - Mar	Feb - Apr	Mar - May	Apr - Jul	Jun - Jul	Jul – Aug	Aug - Ongoing
Assess	**Develop**	**Identify**	**Focus**	**Prioritize**	**Roadmap**	**Communicate**
Enterprise & stakeholder input Internal assessment Market & competitor assessment	Desired future state Differentiation Alignment to enterprise strategy	Develop long-term priorities Identify accountable leaders Initial identification of success metrics	Classify areas of focus to achieve each priority Identify owners Refinement and definition of success metrics	Prioritize critical initiatives to: Meet first year objectives Set up years two and three Identify near term "must do's" *Strategy to begin handoff to VAO	Discuss tradeoffs Align to operational implementation processes Set near-term metric targets *Strategy to support VAO	Communicate plan to leaders Establish forum for feedback Establish mechanisms for ongoing governance *Strategy to support comms & governance

= ELT Alignment

*Timing and scope of these areas may adjust as we work to ensure clean integration of strategy with resourcing/implementation processes

# Mistakes Made in Strategic Planning Process Design

Endlessly revisiting the plan or leaving the plan "**on the shelf**"

Inadequately communicating the planning process and end result to the organization

Not accounting for true **Organizational Capacity**

Not having **the right inputs** in formulating the plan

Not having a solid approach to **Prioritization**

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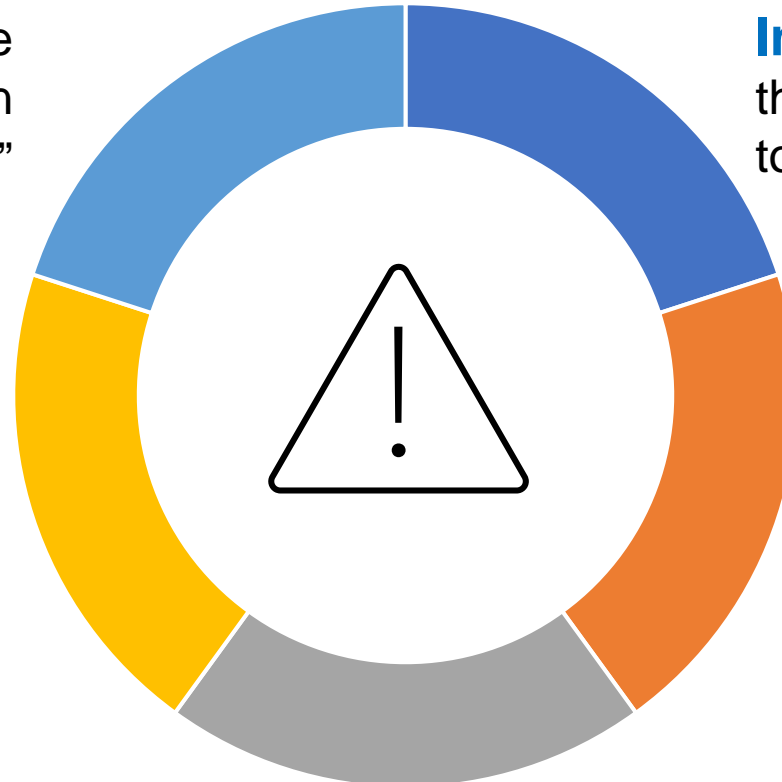
Section Wrap-up

The Realities of Strategic Planning Process

The world is uncertain requires you to make a bet and stick with it

It's not linear there is a messy middle

No one "best" way to do strategic planning; process/tools will vary based on organizational dynamics and issues
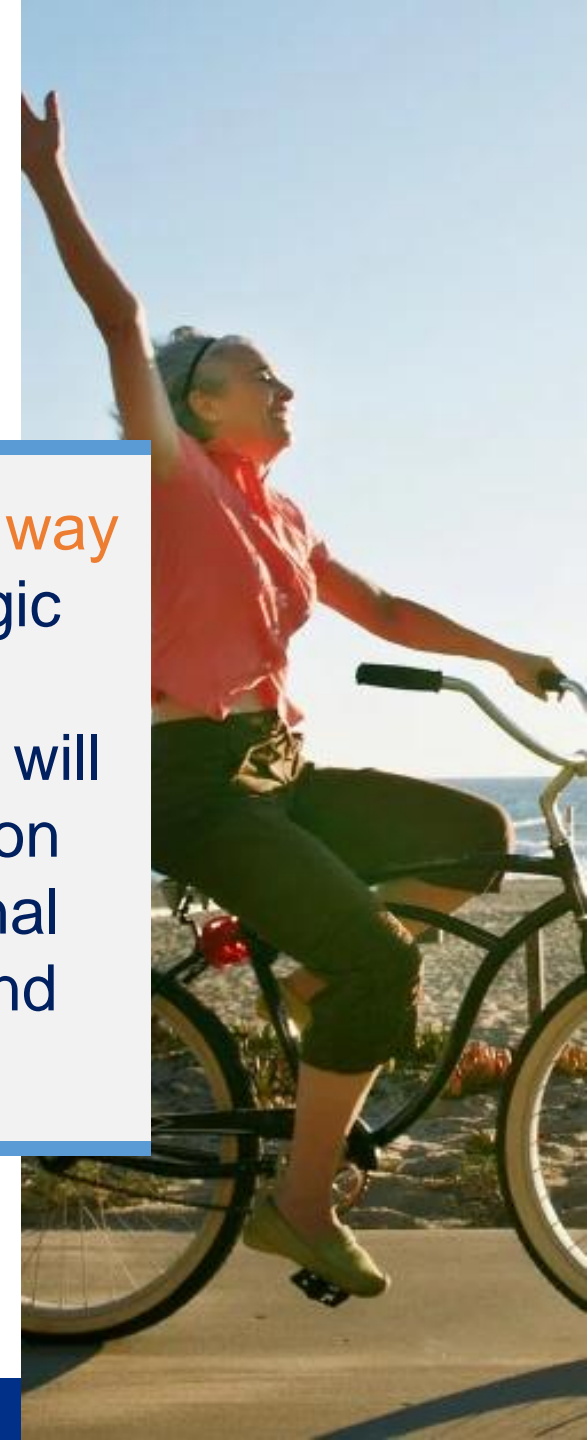
Agenda Part 2 – How do I finalize and communicate the plan?

01 Prioritization against limited resources

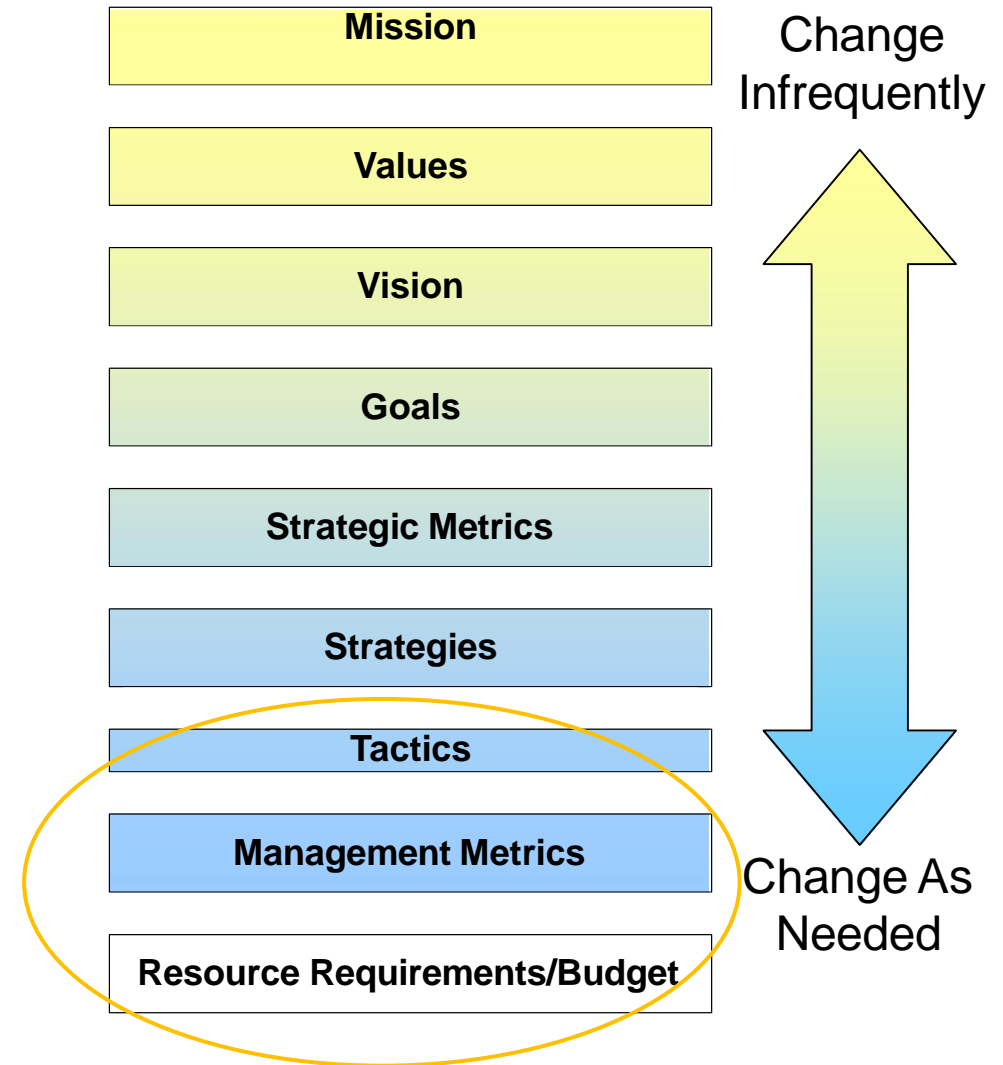**02** Tactical Planning

03 Communicating the Plan

04 Manage change

Identify key strategies to successfully execute on strategic planning, including prioritization, communication and tactical planning that considers limited resources

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You Have a Plan, Now What?!

- Most organizations step back periodically to take a broad look at their strategic direction and plan.

- All organizations should "test" their tactics and strategies annually.

- But…beware of "always planning, never executing."

Mission

Values

Vision

Goals

Strategic Metrics

Strategies

Tactics

Management Metrics

Resource Requirements/Budget

Change Infrequently

Change As Needed

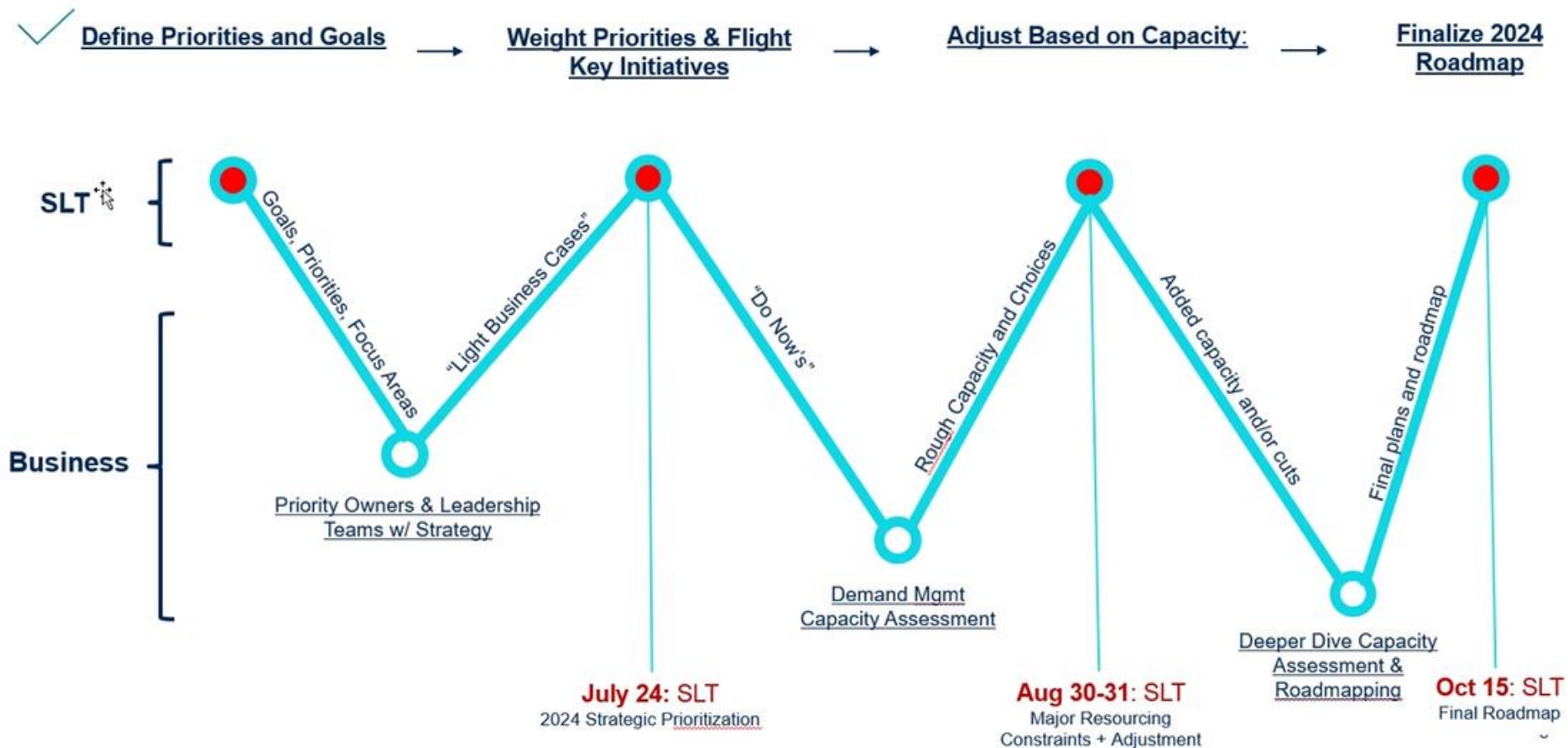**SHSMD** Society for Health Care Strategy & Market Development™

Prioritization

- Strategy is fundamentally about making choices

- Think about adjacencies and required foundation building

- Assess relative to resources

System Planning Prioritization and Timeline

Types of Plans

Strategic Plan	Annual Operating Plan	Service Line or Program Plan	Business Plan
Defines the overall business direction for the organization over multiple years	Prioritizes the annual objectives and tactics for the organization	Details the activities and resources to enhance or develop a service line or program	Describes a new service, product or facility in order to approve and develop

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Tactical/Annual Plan Development

- Once you have a multi-year strategic plan, break the strategies down into annual tactics for implementation
- Led by senior management, but must involve middle management, physicians, other stakeholders
- Each tactic should have:
  - Accountable executive
  - Deadline
  - Resource needs (must be linked to budget) – helps with prioritization
    - Capital
    - Operating
    - Human

Annual Plans

Quality and Care Experience			
	• # Select vendor and implement patient experience tool to hospital/community services and/or schools	Gattman^ J. Richardson Maust	Q2
	Develop and implement internal survey to measure customer experience with support departments	Gattman	Q2
	• # Complete enterprise risk assessment and prepare for insurance renewal, conduct RFP for insurance broker	J. Richardson	Q2
	* Develop and implement quality dashboards for hospitals, community services, and/or schools	Peters^ Gattman J. Richardson Maust	Q3
	Establish approach and develop patient reported outcome measures and measurement-based care across five additional programs	Peters	Q4

Quality and Care Experience — At Risk

Improving the quality our services in order to deliver a seamless patient experience. — JW — Jun 30, 2024 — 17% — At Risk

- Patient Experience - Hospital — Jun 30, 2024 — 65% / 99% — 7% — At Risk
- Patient Experience - Schools — TH — Jun 30, 2024 — 0 / 0 — 0% — On Track
- Patient Experience - Community Services — J — Jun 30, 2024 — 0 / 0 — 0% — On Track
- *Develop and implement quality dashboards for community services, schools and hospitals — J — Jun 30, 2024 — 1.5 / 3 — 50% — On Track
- *Improve upon externally reported quality and safety measures — Jun 30, 2024 — 0 / 3 — 0% — At Risk
- Improve upon externally reported quality and safety measures — J — Jun 30, 2024 — 0% — At Risk
- Develop and implement quality dashboards with focus on community services and schools — J — Jun 30, 2024 — 53% — On Track
- Integrate measurement and use of patient reported outcome measures and measurement-based care across the organization — Jun 30, 2024 — 50% — On Track
- Utilize patient experience data to improve care experience in schools, community services and hospitals — Jun 30, 2024 — 8% — At Risk

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Sheppard Pratt FY 2021 Annual Plan

People

Investing in our people and building culture to provide the best care to those we serve.

Actions

- Implement racial equity action steps
- Expand leadership training and skill building
- Standardize the pre-employment, onboarding and clinical orientation process across all sites
- Develop and implement shared services structure for IT, HR and Finance

Organizational Metrics

- Employee turnover
- Agency usage
- Overtime dollars

Quality & Care Experience

Improving the quality of our services in order to deliver a seamless care experience.

Actions

- Enhance care coordination by increasing referrals among Sheppard Pratt programs and services
- Establish philosophy and implement customer service culture
- Continue implementation of the personalized nursing model on inpatient units
- Develop and implement career ladders
- Develop and implement pharmacy services strategy

Organizational Metrics

- Hospital readmission rate
- Patient experience

Innovation

Providing thought leadership and developing new solutions to advance the field.

Actions

- Continue development of service line structure by integrating care teams across our system of care
- Begin to implement inpatient admissions and crisis walk-in clinic redesign
- Determine multi-year IT investment strategy
- Assess research infrastructure
- Enhance resources for professionals
- Promote dialogue on key behavioral health topics

Organizational Metrics

- U.S. News ranking
- Research funding

Growth

Expanding the reach of our services to meet community needs.

Actions

- Begin new services across continuum of care at community services, hospitals and schools
- Expand hospital operating beds and grow programs
- Launch Sheppard Pratt brand
- Establish specialty admission team
- Establish systemwide call center
- Complete construction and prepare to open new hospital

Organizational Metrics

- Hospital admissions
- Outpatient visits
- School and RTC census
- Adult residential census

Stewardship

Developing a culture of giving, ensuring generational viability, and assuring fiscal sustainability.

Actions

- Develop and implement strategy to increase reimbursement rates
- Develop and implement real estate strategy to maximize revenue generating space
- Implement strategy to optimize Practice Association (PA)
- Expand private pay services across the organization
- Engage in policy development
- Expand presence in grant making opportunities

Organizational Metrics

- Operating margin
- Development dollars raised

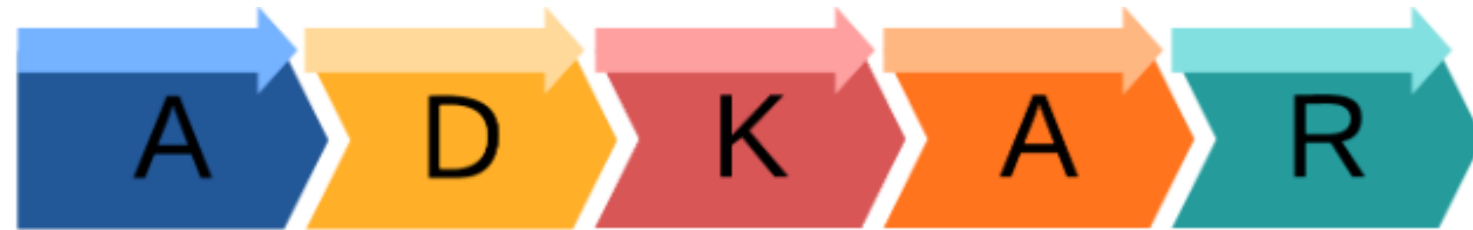**SHSMD** Society for Health Care Strategy & Market Development™

Best Practices in Change Management

- Mobilize active and visible executive sponsorship
- Apply a structured change management approach
- Engage with front-line employees
- Communicate frequently and openly
- Engage and integrate with project management
- Dedicate change management resources

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Change Management Frameworks

Top Reasons for Staff Resistance

- A lack of awareness about the change and why the change was needed
- Impact on current job role (they believed there would be a negative impact to their job)
- Organization's past performance with change
- Lack of visible support and commitment from managers
- Job loss
- Lack of involvement
- Change saturation

Source: Prosci's 2014 Best Practices in Change Management Survey Report

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Appreciative Inquiry Helps Create Shared Vision

- **DEFINE**. Choose the affirmative topic or focus for the inquiry.

- **DISCOVER**. Inquire into positive moments and share stories.

- **DREAM**. Create inspiring images of a desired future.

- **DESIGN**. Innovate ways to create the ideal future.

- **DESTINY**. Live your design & make changes as needed.

5-D PROCESS OF APPRECIATIVE INQUIRY

DEFINE · DISCOVER · DREAM · DESIGN · DESTINY

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Stakeholder Analysis

High
- Significant influence over others
- Key decision makers
- Potential to disrupt the project from progressing if resistant

Med
- Some influence over others
- Some potential to disrupt the project from progressing if resistant

Low
- Not highly influential
- Less potential to disrupt if resistant
- May be impacted but not necessarily contribute to the strategic direction of the project

Influence

High

Med

Low

Educate & Convert
- Understand opposition and convert to supporter
- Demonstrate value and present case for change
- Define strategies to remove change barriers

Leverage & Collaborate
- Active supporter of the project
- Leverage stakeholders' power and influence to enable change
- Engage early and often as allies in development and design activities
- Frequent communication, including face-to-face activities

Monitor & Respond
- Understand opposition and, if highly impacted, convert to supporter
- Proactive and pre-emptive communications targeting specific issues by utilizing more influential stakeholders from other quadrants to encourage acceptance

Keep Informed
- Maintain support by keeping them informed of how changes will impact them
- Communicate and educate through normal channels, focusing on benefits, successes and wins

Low   **Med**   **High**

Impact

Low
- Change impact is minimal - not greatly impacted, but interested in outcome

Med
- Change impact is moderate

High
- Change significantly affects both themselves and others

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Stakeholder Needs

Level of Influence (vertical axis, H / M / L)

Level of Impact (horizontal axis, L / M / H)

Educate & Convert

MAINTAIN CONFIDENCE – Stakeholders in this quadrant have significant influence over others and have the potential to disrupt the process. It is particularly important to anticipate their objections and adverse reactions when planning communications. The change impact on them is lower so there is less need to involve them in day to day development and design activities. Rather, they will need to be involved in strategic decisions. Communications should aim to sustain and expand their support, but need not be as resource-intensive or frequent as the subsequent groups as the need for them to change their behavior is lower. Regular briefings, face-to-face and formally in writing are appropriate media for this group.

Leverage & Collaborate

COLLABORATE – Stakeholders in this quadrant are highly influential on others and the outputs of their work will have significant impact on others future work processes and behaviors. The impact of the changes is also great on this group and the possibility of them influencing and disrupting the project and the change outcomes is very high. Communication will aim to involve them early, keep or develop them as allies, involve them in development and design activities, and will emphasize frequent personal contact and face-to-face communication.

Monitor & Respond

MONITOR AND RESPOND – Stakeholders in this quadrant are neither highly influential nor greatly impacted by the changes but nonetheless have an interest in the outcomes. Minimal communication activities are required, mass communications are usually sufficient and the main aim is to keep them informed to avoid potential problems.

Keep Informed

KEEP INFORMED – Stakeholders in this quadrant will be significantly affected by the outputs of our work and the changes, but they have less influence over others and less potential to disrupt the process. Communication should be strongly proactive and pre-emptive, targeting specific issues, utilizing more influential stakeholders from other quadrants, in particular "collaborate" to influence their acceptance. The people within this group are most interested in how the changes will impact on them and what it means for them. They are crucial to sustaining and embedding the changes, upon implementation.

NOTE: Multiple Stakeholder Change Maps can be created to show stakeholder groups impacted by department, entity or project.

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The Five Step Script

- "This is what I know……."   "This is what I don't know….."
- "This is how it will impact you.…."
- "What are you hearing……..?"
- "This is what I am going to do ……." This is what I need you to do."
- "What do you think about this……..?" What questions do you have......?"

Section Wrap-up

- Get ready to be uncomfortable
- Change is hard
- Organizational readiness (starts from the top)
- Small successes, promote your wins

Agenda Part 3 – How do you ensure the desired results?

01 Monitoring your plan

02 Measures of success

Identify approaches to monitoring, evaluating, and measuring a multi-year strategic plan

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Leadership is Key

- Be heavily involved in metric development
- Set metrics that will be challenging ("stretch") yet achievable ("realistic")
- Hold team accountable for achieving metrics
- Align metrics and performance management / incentive compensation

Pitfall: Too Many Measures

Strategic Performance Measures	Current Performance	2003 Target
1. Volume (total hospital)		
– Inpatient	21,016	24,900
– Outpatient	226,401	262,000
2. Market share:		
– PSA	47.2%	55.3
– SSA	13.4%	14.1
– Total service area	26.9%	30.0
3. Customer satisfaction percentile:		
– Hospital	42nd	95th
– ER	44th	95th
– Home Health	69th	95th
4. Community survey brand identity	Wellness/Prevention	_____
5. Internal customer service standard evaluation	N/A	_____
6. New resident survey	N/A	_____
7. Response rate for new resident mailings	1%	_____
8. Ethnic services committee established to develop plans to serve these communities	N/A	Completed
9. Volume by ethnic group	N/A	_____
10. Treatment Center customer satisfaction percentile	68th	95th
11. Treatment Center customer dissatisfaction rate	4% to 21%	_____
12. Treatment Center visits:		
– #1	31,211	36,627
– #2	18,456	17,523
– #3	29,412	34,942
13. Bond rating	AA	AA- or better
14. Operating margin		
– Hospital	2.8%	4.5%
– Consolidated enterprise	1.5%	4.0%
15. Annual review of unprofitable services completed before the budgeting process	N/A	Completed
16. Opportunity pool & policy established	N/A	Completed
17. Report on (opportunity pool) spending regularly	N/A	Completed
18. Return on (opportunity pool) investment	N/A	_____

Pitfall: Too Many Measures

Strategic Performance Measures	Current Performance	2003 Target
19. Annual equivalent financial value of foundation giving, auxiliary donations, & volunteer hours	_____	_____
20. Employees rating hospital "favorable"	85%	_____
21. Employee turnover	_____	_____
22. Annual number of days on bypass	4	_____
23. Annual days with no elective surgeries	_____	_____
24. Capacity plan developed (includes provisions for facilities, staff, and IS)	N/A	Completed
25. Targeted service line volume:		
– Cardio & Vascular	4,011	_____
– Maternal & Child Health	_____	_____
26. Targeted service line market share (PSA-SSA):		
– Cardio & Vascular	40.1%	_____
– Maternal & Child Health	_____	_____
27. Departmental plans developed and executed annually	N/A	Completed
28. Market share by service line (all service lines)	See appendix	See appendix
29. Volume by service line (all service lines)	See appendix	See appendix
30. Number of CAM services available	3	_____
31. Profitability of CAM services	N/A	_____
32. Evaluation against quality report card metrics and benchmarks	81% at or better than benchmark	_____
33. Percentage of staff 100% loyal	27.1%	_____
34. Proportion of staff business to Hospital	37.1%	_____
35. Growth of existing practices (number of physicians)	N/A	_____
36. Satisfaction with marketing to consumers	15%	
37. Number of (in-office signage) locations	N/A	_____
38. Percentage of staff participating (in office signage program)	N/A	_____
39. Physician customer satisfaction percentile:		
– Hospital	25th	95th
– ER	31st	95th
40. Number of PHO lives retained	N/A	_____
41. Annual staff development survey	N/A	_____
42. Net incremental volume (New-Lost from opening medical staff)	N/A	_____

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Pitfall: Too Many Measures

Strategic Performance Measures	Current Performance	2003 Target
43. Wait times for appointments	_____	_____
44. Build MOB	In progress	Completed
45. Number of signed (MOB) leases	60 (5/00)	_____
46. Incremental referral volume (from MOB)	N/A	_____
47. Number of physician access points	286	_____
48. Incremental referral volume (from PSA-SSA physicians)	N/A	_____
49. Number of contacts with (retiring) physicians	_____	_____
50. Number of "surprise retirements"	_____	_____
51. Clearinghouse services established (for distressed physicians)	N/A	Completed
52. Number of contacts with (distressed) physicians	_____	_____
53. Payer-oriented collateral developed	No depts	Completed
54. Number of non-negotiation contacts (with payers)	_____	_____
55. Cost per case	$6,411	$6,293
56. Net revenue per case	$6,226	$6,287
57. Managed care profitability	_____	_____
58. Average payment as a percentage of charges	_____	_____
59. Percentage of discharges that are charge- or case-based	_____	_____
60. Employer-oriented collateral developed	None	Completed
61. Number of meaningful relationships with area employers	200 CHS	_____
62. Number of corporate donations	_____	_____
63. Regular reporting on voting by state legislators	Quarterly	Completed
64. Level of involvement in provider advocacy organizations	Quarterly	_____
65. Number of affiliations	1	_____
66. Quality of (affiliation) relationships	No $ risk	_____
67. Routinely review and monitor performance against triggers	N/A	Completed
68. Number of discussions (with potential affiliation partners)	0	_____

Sample Dashboard

Indicator	Q1	Q2	Q3	Q4	Q1 Target	Q2 Target	Q3 Target	Q4 Target
PEOPLE								
Three-year Retention Rate	64.8%	65.1%	65.3%	66.2%	≥58%	≥58%	≥58%	≥58%
Total Vacancy Rate	4.8%	4.6%	3.4%	2.4%	≤9%	≤9%	≤9%	≤9%
Total Turnover Rate (Annualized)	12.0%	12.9%	12.4%	11.9%	≤17%	≤17%	≤17%	≤17%
GROWTH								
Discharges								
Total Acute	4,376	4,331	4,347	4,368	4,384	4,336	4,350	4,461
Surgical	907	860	926	936	951	940	942	994
Joint Replacements	236	173	195	183	252	248	258	283
Rehabilitation	439	397	368	366	454	435	425	436
Ambulatory Surgeries **	1,642	1,809	1,605	1,841	1,760	1,760	1,722	1,740
ED Visits	13,943	13,562	14,062	15,049	13,974	13,560	14,025	14,022
GSH Share of Primary Market Area ***	29.2%	30.4%	29.3%	29.5%	≥ 28.5%	≥ 28.5%	≥ 28.5%	≥ 28.5%
FINANCIAL								
Earnings from Operations ($000's)	$2,133	$2,829	$1,943	$3,979	≥ $2,409	≥ $2,223	≥ $2,520	≥ $3,017
Cost per Equiv. IP Disch., CMI Adj.	$8,352	$8,459	$8,624	$8,409	≤ $8,659	≤ $8,694	≤ $8,646	≤ $8,584
Fundraising Dollars Committed (New)	$406	$548	$537	$944	≥ 1,002,483	≥ 1,063,637	≥1,024,194	≥1,111,046

Indicator	Q1	Q2	Q3	Q4	Q1 Target	Q2 Target	Q3 Target	Q4 Target
SERVICE								
Patient Satisfaction								
Inpatient	72	60	69%	70%	≥ 75th	≥ 75th	≥ 75%	≥ 77%
Rehabilitation - Inpatient	53	39	75%	71%	> 75th	> 75th	> 75%	> 71%
Rehabilitation - Outpatient	99	99	84%	75%	≥ 75th	≥ 75th	≥ 84%	≥ 88%
Outpatient Services	80	76	75%	70%	≥ 75th	≥ 75th	≥ 78%	≥ 77%
Ambulatory Surgery	98	97	77%	76%	> 75th	> 75th	> 84%	> 87%
Emergency Department	80	72	56%	60%	≥ 75th	≥ 75th	≥ 63%	≥ 66%
% of Departments ≥ 75% 'Always' on SSE	58%	66%	67%	81%	≥ 75%	≥ 75%	≥ 75%	≥ 75%
Physician Satisfaction								
Overall quality of care at GSH	n/a	n/a	75%	n/a	-----	-----	≥ 75%	-----
Perception of GSH as a place to practice medicine	n/a	n/a	87%	n/a	-----	-----	≥ 75%	-----

Linking Compensation to Metrics

- Motivate employees to pay attention to strategy
- Focus personal goals on actions that are critical to the organization's long-term success

Most appropriate for senior and mid-level managers who have levels of authority to oversee initiatives and authorize corrective action

- Does your organization have the right measures?
- Does it have valid and reliable data for the selected measures?
- Does the individual have substantial control over the outcomes that he or she is responsible for achieving?
- Could unintended or unexpected consequences arise from the way the targets are achieved?

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Example: Annual Evaluation Process

- Individual Based on Job Description
  - Technical skills (job description) = 40%
  - Behavioral performance = 60%

- Team Achievement Goal
  - Based on Patient Experience Survey or Support Services Evaluation results, every department gets more/less money in their annual merit budget

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Team Achievement Goal Scenarios
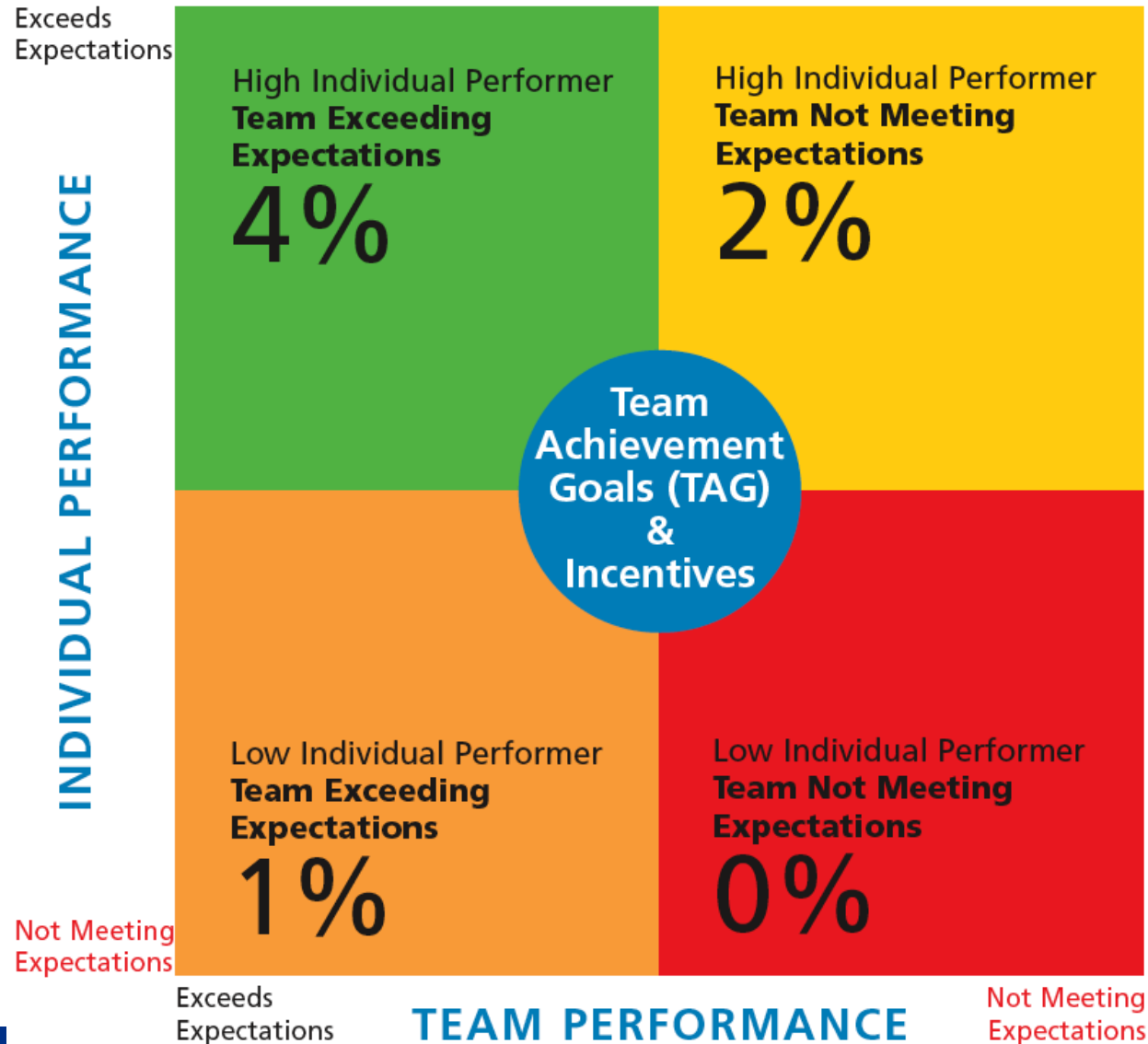
Emphasize Outcome Measures Over Process and Output Measures

Process → Output → Outcome

"Do or do not.

There is no try.

Avoid Forecasting Traps

	Definition	Example
The Overconfidence Trap	▪ Overconfident about targets	Past Now Future
The Prudence Trap	▪ Just to be on the safe side or worst-case analysis	Past Now Future
The Anchor Trap	▪ Limiting your vision based on past performance	Past Now Future
The Smiley Face Trap	▪ Targeting an unfounded turnaround	Past Now Future
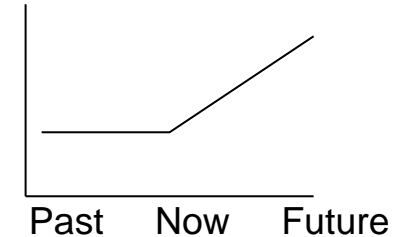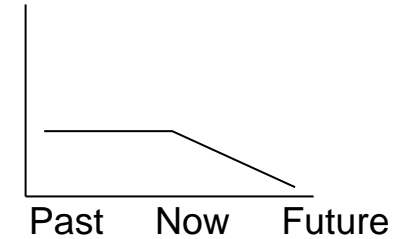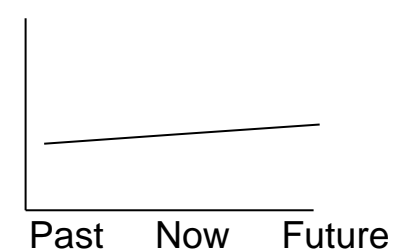
Source: Hammond, Keeney, and Raiffa, "The Hidden Traps in Decision Making," *Harvard Business Review*, September-October 1998.

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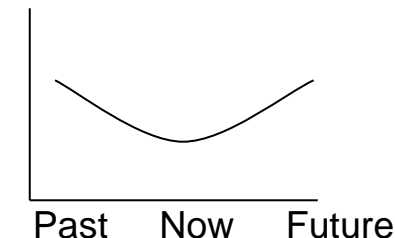
Clarify Source and Calculation

- Clearly define methodology and source to set targets

- There is no such thing as too much detail when documenting measures and targets

- If metrics are tied to incentive comp, may require outside audit of metrics

- Define who is responsible for data collection and the reporting period

How high to set the bar?

Section Wrap-up

- There is no perfect set of metrics

- Make them as "gaming proof" as possible

- Keep the metrics front and center throughout the year, not just at beginning and end of the fiscal year

- Organizational visibility

- Accept uncertainty of the future and anticipate some "failures"

- Be sure each metric has tactics associated with it

Discussion:
What does your organization measure? How/do you share the results?
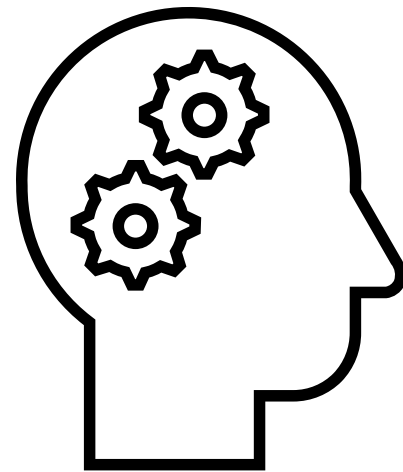
Bonus Content
Competencies and Skills

Bridging Worlds: The Future Role of the Healthcare Strategist
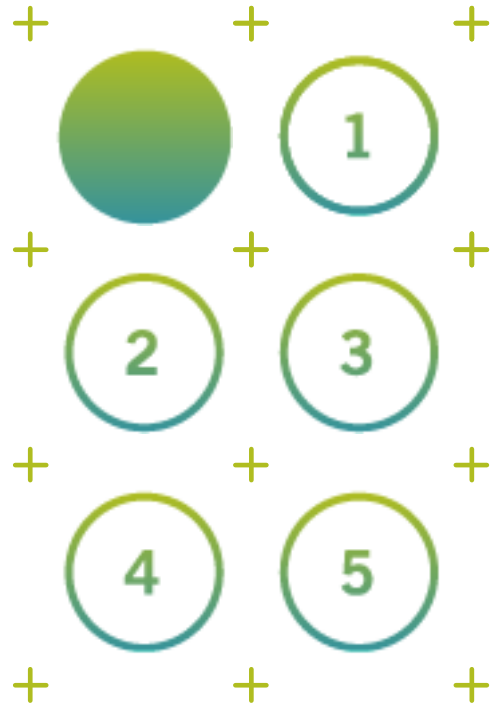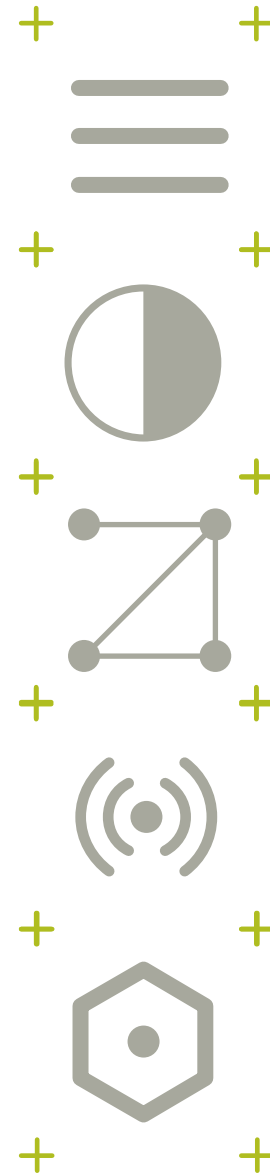
Be Nimble to Exceed the Rate of Change

Present Focus	Future Focus
Siloed Thinking	Systems thinking
Operational Mindset	Consumer Mindset
Bulletproof concepts and extensive pilot projects	Hypothesis testing; fast track implementation
Traditional business model	New business models and revenue streams
Fully vetted business plans	Minimum viable product; just enough funding
Standing committees	Nimble teams

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Create Consumer Experiences / Tell Powerful Stories

Present Focus	Future Focus
Transactional communication	Behavioral influence
Patient satisfaction	Health and wellness journey; longitudinal relationships
Acute, episodic interactions	Personalization
One-way communication	Consumer-centric program development
Transactional communication	Adaptive content refined through continual testing
Provider-centric program development	Discover and anticipate consumer needs
Siloed communication channels	Continuous consumer interaction and feedback

Integrate and Co-create

Present Focus	Future Focus
Siloed functional teams	Nimble, cross-functional teams; facilitated collaboration
Stakeholder input	Crowdsourcing; manage dissenting viewpoints
Decision by consensus	Decision by objective merit
Mitigate all risk	Willingness to test; deliberate risk taking
Static authority based on rank	Dynamic authority based on expertise

Erase Boundaries of Business

Present Focus	Future Focus
Acute, episodic interactions	Health and wellness journey; longitudinal relationships
Market share	Covered lives and targeted populations
Facility-based care and asset organization	Technology-enabled care; anytime, anywhere service offerings
Mission-driven community benefit	Culturally competent care; health equity
Wholly owned system of care	System of care executed through partners
Service areas	Micromarkets

Generate Data Driven Insight

Present Focus	Future Focus
Historical data	Real-time data; forward-looking models
Simple data sets	Integrating multiple data sets, including publicly available data
Episodic relationships	Longitudinal relationships
Static charts and graphs	Dynamic data visualization
Individual patient	Individual customers and their social connections

Workshop Wrap-up and Next Steps

Questions?

Please be sure to complete the session evaluation!

Holly Sullivan

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Holly is the Vice President, System Brand and Marketing for Corewell Health™—formerly Beaumont Health and Spectrum Health. Holly leads the strategy and execution of all aspects of system brand and oversees the use of brand and the connection of culture and experience to brand across the organization. Her team is responsible for developing and executing strategic marketing across service lines and programs translating business strategy in a relevant way to consumers in order to drive business performance and grow brand loyalty.

Holly has nearly 25 years of strategy, business development and marketing experience. Prior to her current role, Holly was senior vice president and partner for Hammes Company, a national health care consulting firm. In this role, she was an active participant on the company's management board for over a decade. She led a national team responsible for the company's business development efforts, oversaw all corporate marketing activities, and managed C-suite client relationships with the largest health care systems in the country. She also helped to create the company's private equity fund and served on its investment committee. Her prior experience also includes marketing and business development for a major pharmaceutical company and working internationally in a variety of finance related roles for a large global bank.

Holly earned her Bachelor of Arts in business administration, finance and accounting from University of Michigan. She holds a Master of Arts in management, marketing and strategy from Northwestern University's Kellogg School of Management.

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Jennifer Weiss Wilkerson, MHSA, FACHE is senior vice president and chief strategy officer for Sheppard Pratt. In this role, she is responsible for developing and implementing strategies to support the organization's short- and long-term business development initiatives including new programs and joint ventures.

Prior to joining Sheppard Pratt, Jennifer served as the vice president of regional planning for MedStar Health where she developed and implemented growth strategies for 10 hospitals and regional and statewide service lines. Throughout her career, Jennifer has had responsibility for strategic and business planning, service line operations and program development, marketing, operational excellence, physician relations, community outreach, volunteers, and retail services.

Jennifer received her Master of Health Services Administration from The George Washington University and her Bachelor of Arts in Health & Society and Religion at University of Rochester. She is a Past President of the Society for Healthcare Strategy and Market Development.

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- National Health Policy Forum http://www.nhpf.org/home

- Rand Health: http://www.rand.org/health/

- Robert Wood Johnson Foundation: http://www.rwjf.org/

- The Commonwealth Fund: http://www.commonwealthfund.org/

- Urban Institute Health Policy Center www.urban.org/health_policy/

- Institute for the Future http://www.iftf.org/our-work/health-self/health-care/

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