

Q&A for Physician Practices: How to Build Long-Term Success with Effective Strategic Planning Sessions

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As physician practices face stealthy marketplace competition, decreasing reimbursements, and increasing costs, it is crucial that they take a proactive approach toward strategic planning for their business. Merely accepting today's rocky business environment as the status quo and allowing it to dictate the direction of the practice can be a formula for failure. In fact, practices can and should rely on their colleagues and industry data for assistance and direction. As the saying goes, "There are no foolish questions." This article will address a few questions about strategic planning and how groups can implement an action plan to ensure success.

KEY WORDS: Strategy; strategic; planning; goals; session; meeting.

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As the saying goes, "There are no foolish questions." This article will address a few questions about strategic planning and how groups can implement an action plan to ensure success.

QUESTION: CAN STRATEGIC PLANNING BE ADDRESSED DURING THE GROUP'S MONTHLY BOARD MEETINGS?

Although many groups attempt to address long-term planning in regular board or executive committee meetings, these meetings are not typically effective as planning venues since they: (1) focus on current operational or housekeeping concerns; and (2) do not last long enough for an in-depth discussion on strategic challenges and opportunities. The free and open exchange of ideas is also

impeded since nonboard members are typically not present at these meetings.

QUESTION: WHAT IS THE MAIN OBSTACLE THAT GROUPS FACE WHEN CONSIDERING A STRATEGIC PLANNING SESSION?

Timing is among the biggest issues, and many physician groups often lack the time for long-term strategic planning amid the chaos and demands of day-to-day operations. However, taking a big-picture look at the practice and making an effort to develop solid business objectives has never been more important for physician groups. Creating an action plan for two or three primary goals—and then achieving said goals—will instill a new sense of comfort, direction, and purpose in both individual physicians and the practice as a whole.

QUESTION: HOW MUCH WORK WILL GO INTO CREATING AN ACTION PLAN?

There are a few steps required for any strategic planning session, which, if delivered effectively, are the start to mapping out a lasting, successful strategic plan:

- Appoint a facilitator;

- Garner viewpoints;
- Understand the business;
- Select a location;
- Implement the session;
- Establish goals;
- Create an action plan; and
- Execute the plan.

QUESTION: CAN SOMEONE WITHIN THE GROUP BE APPOINTED TO LEAD THE PLANNING SESSION?

Step one for a strategic planning session is to identify an appropriate facilitator, preferably someone outside of the group. Relying on a practice staff member, executive, or physician to lead the session will likely be counterproductive, since often those inside the practice are too close to the business and cannot take an objective viewpoint. In addition, an outside facilitator will help ensure that there is no domination of the planning session or pursuit of personal agendas that may not have support of the group as a whole.

Physicians who are on-call may attend portions of the session if it is held at a local hotel or conference facility.

Ideally, the individual charged with facilitating the meeting should be well versed in the healthcare industry and experienced in leading planning events. Without a healthcare background, leading discussions of operational issues could be more difficult, even if an individual is skilled at the coordination of strategic planning events. When selecting a facilitator, be sure to ask for:

- A formal resume;
- A formal description of the process he or she follows;
- A follow-up plan (if any); and
- References from previous healthcare clients.

QUESTION: SHOULD A STRATEGIC PLANNING MEETING BE HELD IN THE GROUP'S FACILITY OR AT AN OFFSITE LOCATION?

Strategic planning meetings are best held off-site because office and hospital settings are wrought with distractions and familiarity, which may inhibit creative thinking and focused discussion. The planning session may be held in a fun setting or paired with a recreational activity, making sure to keep the primary focus on the strategy session. Due to the extent of information discussed, an entire day may be needed to complete the session. To maximize

attendance, keep in mind that physicians who are on-call may attend portions of the session if it is held at a local hotel or conference facility.

QUESTION: WHAT IS THE BEST WAY TO DRAW QUALITATIVE RESEARCH FOR A SESSION?

A successful event largely depends on preparation and research; therefore, physician feedback, ideas, and opinions should be solicited ahead of the event. A brief questionnaire that focuses on specific issues or concerns facing the group will help mine issues for more focused discussion. For example, if it is known that competing anesthesia groups are hiring CRNAs, then it might be ideal to ask the practice's physicians their stance or opinion on the same topic.

A market assessment should examine the existing and emerging competition, underserved geographic areas, top payers, and major self-insured employers.

In addition to the questionnaire, gathering consensus on strengths, weakness, opportunities, and threats via a SWOT analysis will build a framework for discussion. Physicians should be asked to list three to five items within each SWOT category they believe the practice faces. For rapid turnaround, the questionnaire and SWOT query should be easily accessible on the Internet and sent out at least three to four weeks before the event. Importantly, the document should state that all input is confidential and the author's identity will not be disclosed at any time.

QUESTION: HOW CAN THE FACILITATOR EFFECTIVELY LEAD A STRATEGIC DISCUSSION?

The facilitator must have a solid, historical understanding of the practice, including conducting a deep-dive analysis into the following information from the last five years:

- W-2 information;
- Revenue and profit trends;
- Payer mix;
- Referring physicians; and
- Hospital relationships.

A market assessment that looks at the existing and emerging competition, underserved geographic areas, top payers, and major self-insured employers is also critical; and overall trends in the specialty—including Medicare and Medicaid reimbursement challenges, state legislative issues, and consumer trends—should be similarly

identified. This background information should collectively provide context for the strategy discussion.

QUESTION: WHAT CAN GROUPS DO TO OBTAIN OPTIMUM BENEFITS FROM A STRATEGIC PLANNING SESSION?

Ground rules for the session should be stated at the onset of the discussion by the session facilitator. Basic rules would include maintaining focus on the task at hand and on the overall agenda while refraining from personal attacks and interruptions. Fostering a collegial environment in which all participants feel comfortable sharing their ideas and concerns should be the main goal; and if one or two individuals are particularly vocal or opinionated, it is the responsibility of the facilitator to draw others into the discussion to ensure that all viewpoints are heard.

With solid preparation from the facilitator, a consensus should emerge from the results.

A review of the practice's current state, local, and macro market trends provides the backdrop for discussing issues from the physician questionnaire and SWOT analysis. With solid preparation from the facilitator, a consensus should emerge from the results. Physicians may also use this discussion to develop a clear mission statement for the practice.

QUESTION: HOW MANY GOALS SHOULD GROUPS SET IN ORDER TO ENSURE SUCCESS IN MANY AREAS?

It is best to identify two or three of the most important long- or short-term goals that the practice must focus on in the weeks, months, or years ahead. An example of a short-term goal might include an upgrade in technology within six months. A long-term goal could be to renegotiate hospital contract rates over the next three years.

For the goals to be implemented, it is crucial that physicians all agree on the reasons they should be pursued, regardless of the timeline set forth. In addition, the number of goals should be limited to two or three as too many tend to dilute the group's focus and reduce the overall chances for success.

QUESTION: HOW CAN GROUPS ASSURE THAT GOALS WILL BE ULTIMATELY MET?

After the goals are clearly stated, the action plan must be set forth. An action plan includes a list of tactics necessary to achieve the goal and also highlights the individual or individuals responsible for completing each tactic. A timeline for completing the subtasks as well as the overall objective is also included and should be taken seriously by all participating.

In the action plan, it is important that tactics be clearly stated and individual responsibilities well understood.

Whether the action plan is intricate or broad in detail, it is important that tactics be clearly stated and individual responsibilities well understood. In addition, an individual or individuals should be assigned the task of ensuring accountability of goals, tactics, and timelines for each member of the group.

QUESTION: WHAT COMES AFTER THE STRATEGIC PLANNING SESSION?

The formal strategy session is complete only when the action plan is carried out. When feasible, the session facilitator should create a document that identifies the goals and action items within the strategic plan, along with the names of various individuals responsible for implementing and overseeing the plan. The document should be sent to all session attendees, as well as others who may not have been present such as board members and other physicians.

The strategic plan should be revisited during regular group and/or board meetings—either monthly or quarterly—to assess progress and deal with unforeseen challenges or roadblocks. A strategic plan that gathers dust on a shelf means the group did not commit to the plan or follow-through with goals and tactics for the practice's success.

If properly built and implemented, the annual strategic planning session can assess the current state of a practice and allow it to make key judgments about the future direction of its business—not just once, but as an ongoing effort. By seeing the forest from the trees, physicians can sync their knowledge and experience to develop tangible goals that pave the way for long-term success of the organization. ■■