

Strategic Planning and Budgeting

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Medical groups must take the time to inventory their current short-term strategies, measure their success, and make course corrections in a proactive methodologic process. At the same time, it is important to develop a long-term strategy for market share and profitability. The strategic planning process is a way for groups to satisfy current and future needs while solidifying the group's mission, vision, and harmony.

Budgeting is an integral part of a medical practice's long- and short-term planning processes. Budget development requires a deep and thorough understanding of a practice's infrastructure, operations, and processes. In addition to the creation of financial goals, the budget process ensures that the management team and physician leadership continue to be well informed regarding a practice's health.

Strategic planning

To succeed, groups must have an effective strategic planning process in place. Prioritizing and framing a strategic planning initiative usually fall under the responsibility of an administrator and a group's leadership. The need for planning may come about through changes in the external environment, including regulatory requirements, or through an internal process initiated by physicians, staff, or management.

An administrator's overall role in strategic planning is that of coordination, initiation, and implementation [1]. Some believe that although

the strategic planning process must be initiated, coordinated, and implemented, the real value and benefit of the process is the facilitation by a qualified professional who has a background in data gathering and analysis, pattern matching, and organizational and group development. Facilitators must be objective in their assessment of the issues and skillful in developing relationships with key personnel to obtain accurate and complete information. They then need to frame the issues, develop themes, and help the group facilitate the process of moving the organization to decision making. Often, leaders or administrators of a group are too close to the organizations to be able to develop independent judgments about the issues. They also may lack objectivity that leads others to feel comfortable sharing their true feelings about the current state of affairs or future needs. Outside or independent facilitators often are seen as persons that others can confide in with the goal of sharing confidential information for process improvements.

The importance of strategic planning

The majority of decisions in operating today's medical groups falls under the philosophies of "If it ain't broke—don't fix it"; management by crisis; or fighting today's fire. Groups rarely spend time thinking about strategy defined as their role in the community; role in the department; staffing and physician needs, including recruitment; or acquisition and divestiture strategies. Medical groups must take the time to inventory their current short-term strategies, measure their success, and make course corrections in a proactive methodologic process.

It also is important to distinguish between strategic plans, which are long-term in nature,

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from short-term action plans that are designed to implement the strategies [2]. Administrators must keep track of long-term plans and the action plans that are needed to accomplish those objectives. In the strategic planning process, the group often can determine the long-term objectives and brainstorm ideas and strategies needed to accomplish those objectives; however, it is critical that the leadership take the selected long-term action plans back to the middle managers and staff to determine how realistic some of the group's current capabilities are and to identify areas of weakness for external support. For instance, if a group determines the need to implement an electronic medical record (EMR), the strategic planning process may have identified the need, outlined the process from the request for proposal to vendor selection to implementation, and assigned a leader to the project. When this plan is brought back to the end users and middle managers, however, the group may uncover additional information vital to developing the long-term plan, such as how many users can be on the system at any given time, the need to upgrade any of the current computers, the need for some of the staff, who are and computer savvy, to have additional training, and so forth. These all are factors that determine effective implementation.

Determining a group's readiness

How can a group know if it is ready for a strategic planning process? There are several strategic questions to consider:

- Is there a high staff or physician turnover ratio?
- What kinds of services should the group provide?
- Is the practice losing market share to competitors?
- Is the practice having a difficult time retaining good administrators or managers?
- Is there a group culture that is difficult to define?
- Is the decision-making process led by strong governance, or are decisions made based on who complains the loudest or most frequently?
- Do people in the organization know and understand the mission, vision, and values?
- Can members of the group define the top two business or strategic initiatives?
- What resources will be required in the future and where will they come from?

When a group commits to the strategic planning process, it is helpful to have preretreat meetings with all of the staff, physicians, and leaders separately and then jointly to discuss what they believe their current mission, vision, and values are. This may take a series of meetings, but these meetings should focus on refining the current mission, vision, and values, because this is going to be the foundation of the strategic planning process. Once the planning process is begun, the group's current and future goals are compared with the group's agreed-upon mission, vision, and values. This aids in promoting group buy-in and commitment.

Identify major issues threatening the group

Part of the planning process involves determining if there are any major factors threatening the group. Some of these questions include:

- Are any physicians planning on retiring in the next 12 months?
- When are physicians planning on retiring or leaving the group?
- Are the staff or physicians unhappy about their compensation system?
- Is the current rent or lease arrangement about to expire or are there new property management?
- Is there a major piece of medical equipment that needs to be replaced?
- Is the practice implementing an EMR?
- Is the practice recruiting new physicians?

These factors should be discussed and framed during the strategic planning process to develop a project timeline to navigate through these issues. Again, the success of this step is achieved through a careful preplanning process in which the facilitator and administrator can begin to gather data from individual and group meetings.

Having the right people present and participating

A key to success is having the appropriate people present and participating in the strategic planning process. There must be enough time allocated in the leaders' schedules to make the process a high enough priority to get people's attention. Ascertain if there are the right people in the organization ready to move forward rather than relish on past successes or the way things were. Once it is determined that the right people

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