The Road Ahead

Strategic Planning Sessions Vital for Physician Group Success

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Physician groups often find it difficult to carve out time for long-term strategic planning amid the relentless demands and frequent turbulence of day-to-day operations. Yet stepping back to develop solid business objectives has never been more important for medical groups.

Converging market forces -- from declining reimbursements and rising costs to powerful new competitors – make it imperative that practices adopt a more pro-active stance toward business planning. Simply accepting the status quo or allowing circumstances dictate the course of events can be a formula for failure in today's unforgiving business environment.

Although many groups attempt to address long-term planning in regular board or executive committee meetings, these gatherings generally make for ineffective planning venues. The meetings typically focus on only the most pressing operational or housekeeping concerns and are too short to allow for effective identification of strategic challenges and opportunities. Moreover, the exclusion of non-board members, along with the hierarchical nature of the board, can impede a free and open exchange of ideas.

Taking the time to collectively identify two or three primary goals and then creating action plans to achieve those goals will instill in both individual physicians and the practice as a whole a powerful new sense of purpose, direction and confidence.

Finding a Facilitator

The first step in setting up a strategic planning session is to identify an appropriate facilitator. An external facilitator is essential for guiding the process. Relying on a group executive, manager or physician to spearhead the effort more often than not will be counterproductive, since practice leadership may be too close to the business to perceive issues objectively. In addition, using an outside facilitator will help ensure that one or more individuals will not dominate the planning session or pursue an agenda that may not have support of the group as a whole.

The facilitator should have a track record of leading planning events in addition to experience in healthcare. Many non-healthcare consultants may be highly skilled at coordinating long-term planning meetings. But without a healthcare background, they will be at a major disadvantage when it comes to leading discussions of operational issues. When selecting a facilitator, practices should ask for a written description of the process the consultant will follow, including what, if any, follow-up is planned, as well as references from previous healthcare clients.

Choosing a Location

Whenever possible, strategic planning meetings should be held offsite. The office and hospital settings present too many distractions and their very familiarity may inhibit creative, "out-of-the-box" thinking. The planning session may be paired with a recreational activity, as long as the primary focus of the event is the strategy session. In some cases, a full day may be required to complete the work session. Holding the strategy meeting at a local motel or hotel with conference facilities can help maximize attendance by allowing on-call physicians to attend portions of the meeting.

Soliciting Viewpoints

Because preparation is the key to a successful event, physician feedback, ideas and opinions should be solicited well ahead of the event. A brief questionnaire can be developed that focuses on specific issues or concerns facing the group. For example, if the practice is an anesthesia group and it's known that competitors are hiring CRNAs, asking doctors whether they believe the group should follow suit and begin using CRNAs would be a logical question to include.

In addition to the questionnaire, physicians should be asked to list three-to-five strengths, weakness, opportunities and threats (SWOT) facing the practice. This information helps establish a framework for discussion by quickly identifying areas of consensus regarding the business and local market. Both the questionnaire and SWOT query should be accessible via the Internet to facilitate rapid turnaround and should be sent out at least three to four weeks before the event. Importantly, the document should clearly state that the author's identity will not be disclosed at any time.

Understanding the Business

The facilitator needs to have a solid, historical understanding of the practice, the market and the specialty as a whole over a three-to-five year period to perform his or her role effectively. Information relevant to the practice includes W-2 information, revenue and profit trends, payor mix, referring physicians, hospital relationships and the like. A market assessment would include an evaluation of existing and emerging competition, underserved geographic areas, top payors and major self-insured employers.

Overall trends in the specialty – including Medicare and Medicaid reimbursement challenges, state legislative issues and consumer trends – should be similarly identified. Taken together, this background information provides context for the strategy discussion.

The Planning Session

At the outset of the event itself, the facilitator should establish ground roles for the discussion. Basic rules would include maintaining focus on the task at hand and on the overall agenda and refraining from personal attacks and interruptions. To be effective, the facilitator needs to foster a collegial environment in which all participants feel comfortable sharing their ideas and concerns. 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.

The facilitator's review of the practice's current state and local and macro market trends provides a backdrop for discussing issues that emerge from the physician questionnaire and SWOT analysis. If the meeting preparation has been thorough, a consensus should emerge regarding the key issues or concerns facing the practice. Physicians may also use the discussion period to collectively brainstorm in order to develop a clear mission statement for the practice.

Establishing Goals

The next task is to identify – based on the foregoing discussion – the two or three most important goals that the practice must focus on in the weeks, months or years ahead. The goals may be short-term or long-term, depending on the needs and circumstances of the practice. An example of a short-term goal would include deciding to hire several additional doctors within six months; a long-term goal could be to secure two additional hospital facilities to provide coverage for over the next three years.

It is imperative that complete agreement exist among participating physicians about the wisdom of pursuing the selected objectives, regardless of the nature or time horizon of the goals. In addition, the number of goals should be limited to two or three. Too many objectives will dilute the group's focus and reduce the overall chances for success.

Developing an Action Plan

With the goals clearly delineated, creating an action plan is the next step. An action plan consists of a list of steps necessary to achieve the goal. It also highlights the individual or individuals responsible for completing each step and provides timelines for completing the subtasks as well as the overall objective. Whether the action plan is highly detailed or painted in broad strokes, it is important that the steps be clearly stated and the responsibilities of all involved well understood. In addition, an individual or individuals should be assigned the task of ensuring that those working on the action plan are accountable to the plan, the timelines and to the group as a whole.

Execution

Completing the action plan marks the conclusion of the formal strategy session. As soon as is practicable, the facilitator should produce a document that identifies the goals and describes the action plan, along with the various individuals responsible for implementing – and overseeing – the plan. The document should be sent to all who attended the session, as well as others who may not have been there, including board members and other physicians.

Too often, strategic plans gather dust on the shelf due to lack of committed follow-through. Therefore, the plan should be revisited monthly at regular group and/or board meetings to assess progress and to deal with unforeseen challenges or road-blocks.

A Potent Weapon

Properly conceived and executed, annual strategic planning sessions offer a powerful tool for both assessing the current state of a practice and making key judgments about the future direction of the business. By stepping back from the whirlwind of daily activity, physicians can collectively apply their intelligence and experience to develop realistic goals critical to the long-term success of the organization.

Chip Anderson, CPA has multiple years of experience in financial management, strategic planning and client service. Mr. Anderson started his career with Ernst and Young, LLP in the audit practice. He served clients primarily in the healthcare and consumer products industries. From there he went to work for an international consulting and software development company as the Director of Finance and Operations. Mr. Anderson joined CBIZ MMP in 2003 and currently serves as a Director of Practice Management for the West Region. He can be reached at canderson@cbizmmp.com.

About MMP

Based in Chattanooga, Tennessee, MMP has more than 80 offices and 2,000 employees nationwide. Founded in 1993, MMP serves more than 3,000 hospital-based physicians across the nation and boasts the highest client retention rate in the industry.

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