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Strategic Planning Imperatives for Hospitals and Health Systems to Get Right

Advanced Health Podcast

Tom Haederle: Strategy. Transformation. Both are integral to today's most successful healthcare planning, agendas and associated initiatives. The field is on the cusp of a transformation, the likes of which it has not seen before and that requires innovative planning approaches to succeed. Accenture's perspective on what, why and how hospitals and health systems are planning strategic agendas, brings new perspective to these approaches. Rather than taking the more traditional linear approach to strategic planning, hospitals and health systems that successfully plan, focus on creating an integrated "Connected" plan, leading to more actionable and sustainable outcomes. BayCare understands this well.

Opening music plays

Tom Haederle: Welcome to Advancing Health, a podcast brought to you by the American Hospital Association. I'm Tom Haederle with AHA Communications. Join us for a discussion on various approaches hospitals and health systems can take when establishing their strategic plans and hear insights from BayCare about their

experiences and benefits from adopting a connected transformation planning approach and the lessons they learned along the way. Today's podcast is brought to you by Accenture.

Diane Weber: Hello and good day everyone. I'm Diane Weber, Executive Director of the Society for Healthcare Strategy and Market Development. With me today is Ed Rafalski, Senior Vice President, Chief Strategy and Marketing Officer at BayCare and Yianni Douros, a Managing Director at Accenture. Welcome Ed and Yianni and thanks for joining me here today. Let me start with you Yianni. Are you seeing that transformational planning is becoming more ambiguous and why do you think that is for hospitals and health systems?

Yianni Douros: Thank you, Diane, and pleased to be here with Ed on such a timely and important topic in the industry. You know, healthcare and more specifically the provider health system space is really in the midst of what I think of as both an exciting and complex period right now. Over the course of the pandemic and even more so as we look ahead, what has been quite

clear is that access, quality and outcomes continue to be really front and center for hospitals and our provider systems. What I would say in addition to that, however, is that while the focus continues to be on the patient, there is a growing emphasis on what I like to call really more of a three-sided value proposition that not only accounts for the patient, but now the organizational system itself and the community. What that has really led to is as really health systems look to the patient, system and communities they serve, there's a greater need for more purposeful planning.

And so to really, you know, appreciate what that means. I think it's important to briefly frame around what hospitals and larger health systems are now looking to address. You know, the pandemic placed as we all know a tremendous strain on the healthcare system at large. And with that came really a greater need to determine how best to improve, you know, access, quality and outcomes. And now what we're seeing among many focus areas is, you know, the evolution of new care delivery models, you know, greater adoption of digital technologies and interfaces. There's a growing number of partnerships and alliances we're seeing in the provider space. And what I also think is important around the idea of non-traditional entrance entering, you know, both the acute and post-acute care delivery space. But what I will say as well while there are these opportunities, there is also constant challenges like margin pressures, workforce shortages, and even the day-to-day operational constraints that providers and larger health systems alike are facing.

And so really when faced with both of these opportunities in so many competing priorities, transformational planning, and knowing really how to respond is becoming increasingly complex. And I think part of the reason actually is because there is such a tendency to react to the individual priority often, rather than, as I mentioned, seeing how planning and ultimately the execution of initiatives can impact the patient system and community holistically. Actually, to that point, for example, in a recent Accenture study, we, we learned that health system executives foresee the evolution of healthcare to involve alternative care settings over the next 8 to 10 years. But, in that study, we also learned that not only healthcare leaders in those organizations are really not sure how to go about planning for it. So, while there is an appetite and they foresee the evolution of alternative care settings, not all leaders in provider health system organizations really understand how to go about planning on executing for those types of changes.

The last point I'll make is really, as I also mentioned, that, you know, communities that hospitals and health systems serve are becoming increasingly important in terms of the strategic priorities around them, specifically healthcare equity, diversity, and inclusion, as well as sustainability. You know, these in particular are becoming more important to systems trying to meet patients and community members where they are, and most importantly, in the most differentiated ways. And so in many respects, Diane, while the ambiguity health systems face in strategy setting, or in even just planning transformational efforts is often associated with what to focus on.

It seems to be grounded more and more now in how to plan around that three-sided value proposition that I mentioned in terms of addressing the needs of the patient, system and community more holistically.

Diane Weber: I totally understand that there are so many initiatives that organizations want to move forward with. And the exciting thing is that there is motivation to do so, but in order to really move forward into transformation, there needs to be a really solid approach to planning. So I'm excited to learn more about how hospitals and health systems can really look at this three-sided value proposition and find a way to be really successful at execution as well. So let me switch over to Ed for a minute. And we all know that strategic planning and execution are critical to achieving successful and long-term transformational change, but Ed, what does transformational change mean to BayCare and how is BayCare planning for it?

Ed Rafalski: Thanks, Diane. So couple of points, you know, change is ever present and its constant and has been in healthcare in my entire career. But I think when we introduced the word transformational, that changes the conversation a bit, and I think it's transformational for a few reasons. For us here in Tampa Bay, part of the transformation that we needed to go through was competing in a non CON state. CON's were repealed prior to the pandemic, then the pandemic occurred and obviously we all went through significant learnings through that process. But what we thought about in our strategic planning was that we needed to position ourselves to be more nimble and act with a sense of urgency when we think about change and thinking about new services and connections to our

consumers and our community that were either A) not possible prior to the pandemic, or at least were nascent like Telehealth and growing or have quickened because we have competitive pressures outside of the traditional healthcare space.

So, you know, at the core, as a health system, we're still about operating hospitals really well and doing the best we can in clinical outcome service and managing our financials inside that core business. But that being said, we're being challenged from all corners and all sides of the marketplace, both traditional and non-traditional healthcare providers. You know, an example that many I think are experiencing is the fact that Walmart is entering the retail space in healthcare. Well, you know, they had trouble as I understand it dropping a clean claim, but they'll figure that out and they will compete with us effectively. So we need to think about how we're gonna compete in the retail world. And on that point, healthcare's not very good at it, frankly, we don't meet the consumer where they want to be met. And if we don't figure out how to better do that and transform the way we deliver service and make it easier for the consumer to navigate our complex health systems, we will lose customers to more efficient providers like Walmart or Amazon or whomever decides to come into the competitive space.

Diane Weber: Mm-hmm, yeah. I can really see that happening if we aren't completely in tune with what our consumers need, what they want and being mindful of not only the individual patient, but as Yianni said, the organization and the entire community and what those needs are. So that's very insightful.

Thank you very much, Ed. Yianni from your experience, working with BayCare and many others in the field, what are some of the strategic planning approaches being used today, and which of those in your expert opinion are the most successful?

Yianni Douros: Yeah, just to build on, you know, at it's point, I think it's also really important to recognize that whole idea of meeting, you know, patients and members where they are. And as Ed said, I think, you know, understanding the local market environment and how to respond in the context of the local market environment, you know, just as BayCare has done and continues to do is critically important. What I'll also say is just really with the health systems, you know, community hospitals, and other provider organizations, I've worked with, one common trait I've seen is that many of them either do not necessarily have a dedicated planning function or body within the organization that focuses on managing the actual planning process or alternatively, the planning approaches in many provider organizations and health systems are dated and have become more of a rinse and repeat exercise over the years.

I also think it's always important really to understand that while the macro industry pressures, as I was just alluding to, you know, largely impact them all, each of these organizations really goes about responding and engaging transformational planning in nuanced ways, depending on their local market environment, as I was just explaining. And there are really essentially three primary methods I have seen over the years, especially over the past 12 to 24 months, the first is what really can be referred to as the siloed approach. The second is an execution bent approach.

And the third, is what I like to call the connected approach. And I'll briefly highlight each of them and, you know, before doing so I will say upfront while there is merit in each of these methods, one is more favorable when defining really a multi-year transformation agenda.

And so, the first around siloed approach is really when, you know, a health system or, or separate departments of the system are generally more focused on planning around specific functions or an individual initiative or even a departmental goal, but more often than not, it is without a holistic view nor really strategic alignment across the organization. And so sometimes this will come in the form of two separate departments planning distinct strategic initiatives, but really to use the expression the right hand often doesn't know what the left hand is doing. And so while the individual initiatives may be important in and of themselves, the challenges that with this method, it really tends to leave the organizational alignment to the end of the planning process. And this often results in what I like to think of really as really uneven distribution of resources and team members to execute on plans due to that lack of visibility from just siloed planning.

Whereas in the second approach, the execution bent method, that leans more towards, as it sounds like accelerated actions and implementation. For example in a local market, one community health system may decide to make and execute on an investment let's say, in a new specialty or a new digital platform. That's, you know, purely in response to let's say what a neighboring hospital or competitor is already doing that, rather than determining if that investment is really in line with the broader system strategy.

What I will clarify here though, is that hospitals and and health systems have to react as I was saying at pace and with as much certainty as possible at any given time, but ideally when it is best serving the patient system and community altogether. And I think we saw that really with the tremendous response of frontline clinicians and administrators throughout the pandemic.

I mean, it really goes without saying that accelerated action and transparency in such critical times is key, but in the context of planning for transformational change organizations that apply an execution bent method tend to make premature decisions and can sometimes fall short of aligning on actions and initiatives that tie to the original vision or strategy, which really leaves the third one. You know, lastly, this idea of the connected approach, which is really the one taken by health systems that I'd say exhibit more successful transformational planning and the connected approach, Diane really applies, I'd say a more future focused lens. It starts with the end in mind, or that end goal in mind, and really connects all components of health system's strategic plan from the vision all the way to tactical initiatives and execution. And I think these planning approaches really largely align on the system wide vision up front.

They tie the plan to specific initiatives and actual metrics and measurable outcomes. And generally, I'd say from, from my experiences position, the hospital and health system for more fluid implementation activities later on when they get to that point. You know, the last thing I'll just say here on this connected approach, Diane, is that one of the major reasons that connected approach is most successful for health systems planning these multi-year transformation efforts,

especially in today's environment, is that compared to the other two approaches by going through that method, it more often than not leads to a sustainable path for the system, because it now better positions the hospital or system to pivot or respond to market activity with less disruption, because all of the phases of the planning have been connected across the organizational units and tying to the system vision across the enterprise.

Diane Weber: Well, that certainly sounds like it has a lot of merit to the approach and really could allow an organization to not only successfully achieve its transformation, but be able, as you said to pivot and respond to changes in the field that are ever happening. So I would like to ask Ed since he's been working with you, what are some of the ways that BayCare has approached the connected transformational planning? Who's involved? Tell us more about that using your organization's example, Ed.

Ed Rafalski: Sure. So, I'll start by saying it's public knowledge. So I'll go ahead and start with the fact that we're, we're gonna go through a C-suite transition. So in the first year of our plan, which is this year, we knew going in that we would have a new CEO at the end of the year. As we approached our planning process, we thought about the important things we needed to get done to make sure we had smooth transition, and we didn't wait for the new person to come on board before we started executing against some of our visionary ideas. And so part of our thinking was, well, who should we include to make sure there's a nice transition? Well, the first obvious bunch was the board of directors. And so we have a board chair that's transitioning in the chair seat between the current CEO and the next.

So we knew we needed to get the chair and vice chair aligned and understanding what the key priorities of the organizations will be for the next few years. And so that was key. So we included a lot of the board members in the entire process. Yianni I think we probably had four distinct sessions with the full board and then some makeup sessions for those that couldn't make those plenary sessions so that the board could align with management. Next was senior leadership. We wanted to make sure the entire C-suite was fully engaged. And then we reached deeper into the organization and pulled in VPs and directors as needed as subject matter experts on key initiatives that we thought needed to be vetted a bit more to understand how we wanted to approach a particular problem or execution opportunity. So, you know, in terms of the stakeholders, we wanted to be sure that the board, senior leadership, and then the next level done in the organization were fully aligned with what we wanted to achieve.

And that was important because all of the KPIs that we develop, that we track as a result of the strategic work, then fold into a balance scorecard, some of the measures, which are then used for our team award goal, which management participates in. So when you think about sort of this conceptual idea of, well, what's your vision and you get that right, and then you develop your strategy to support the execution of that vision. And then you create a line of sight with your management team to say, "Hey, we're really gonna do this. And by the way, there's money on the table for you," that really creates full alignment and that connection. And I, you know, the other word I would do is, would be line of sight, you know, can the director or manager on a unit understand why we're doing what we're doing.

They don't need to understand the specifics, but generally speaking, if we have a particular topic or direction we're taking, we want every manager to understand why we're doing it at some level, and that's the line of sight. And I think the connected approach allows you to do that.

Diane Weber: That sounds great. So the connected approach speaks to a variety of areas of connection. It is connection with the various individuals and groups that you mentioned so that you have good input and involvement from the very beginning, at not only high levels, but deeper levels within the organization. And then they continue to see that line of sight. There's a connection to the vision. There's a connection to the work they're doing, and it actually ultimately ties to the team award process. So I can see a variety of connections here. Yianni, did you want to add anything else to this approach at BayCare?

Yianni Douros: Yeah. I'm just gonna say just to build on Ed's points there, you know, I think that's, that's spot on. And I think the other thing around the connected approach to planning really positions health systems, especially now with so many competing market pressures and other organizational priorities to really invite, and I'd say more so maintain more systemwide involvement in the actual planning process. All too often health systems advance on these types of plans without accounting, for insights, from all parts of the organization, including the actual providers and clinicians themselves, which I think is becoming, you know, ever more important, you know, in the past, you know, year, year and a half in speaking with both executive leaders in these hospital systems and frontline clinicians, I've seen and heard a

growing desire to account for more physician perspectives and actually position these physicians as leaders that are helping to inform key systemwide decisions.

And I think this is especially important for, you know, both clinical and non-clinical care teams focusing on specific initiatives that can make up transformational plans. You know, the other benefit to the connected approach, Ed was alluding to this, is that it also helps to pressure test and almost becomes a forcing mechanism for evaluating the health system's true appetite for risk and its appetite to really flex and be ready for that change. So really by connecting, as I was saying, outcomes to metrics, you know, your metrics to key initiatives and ultimately key initiatives to an overarching strategy and vision, hospitals and health systems alike can really check their pulse on transformational readiness.

Diane Weber: Mm-hmm, very important. So as we think about this approach, and I'm sure our listeners today are wanting to know whether or not this is applicable to them. So maybe each of you could share some key takeaways you've learned from using this connected approach. And if you'd recommend other hospitals and health systems take advantage of it, let me start with Ed and then Yianni, if you could chime in. Ed?

Ed Rafalski: So a couple of takeaways, one is, you know, the plan within the plan. So when I say that, I mean, before you start getting into the planning process, you have to plan for the process. And so you have to architect an approach. And so one of the things I think that I learned in the process that we went through was that we architected an approach, but we needed to maintain flexibility and some fluid approaches inside the process. So, you

know, we can have the best approach designed, but once you get into it, you may find that you need to make adjustments. So what's an example of that? Well, one of the things we did was when we learned that we needed to pull in some subject matter experts to iterate some of our ideas, we created these knowledge pods, and we pulled in members of the organization that we didn't originally envision having part of the process, but we felt like we needed to reach deeper into the organizational chart to have those voices kind of pressure test, as Yianni said earlier, some of the ideas. So I think one, one takeaway is definitely spend a lot of time on the architecture and the plan within the plan before you start the planning process.

But then the second takeaway is maintain significant flexibility because you really don't know where the process may take you, you know, one of the things that we also focused on last point is non-negotiables and trying to figure out what are the things that are really, really important to us, and we're not gonna compromise on those. And that that's an important, I think lesson learned also is that, and I think David Bezos said this in our article that he wrote, there are one-way door decisions and two-way door decisions. And by that he meant the one-way door is the non-negotiable it's. Once you make the decision, you are stepping through the door, the door closes behind you and you are going to execute against a particular idea. The two-way door is a decision you make, but you acknowledge, you may go back in and adjust your approach. So I think, I think there's an important sort of element to trying to figure out what are some of those non-negotiables that are critical that you must execute against and getting those

laid out early in the process. So that you've got a really strong foundation heading into the ones that are a little more squishy and shady if I could use those analogies.

Diane Weber: And just to clarify that a little bit, could you give me an example of a non-negotiable?

Ed Rafalski: Yeah, so, so a non-negotiable might be, we're looking at a particular geography. We're acknowledging that in order to maintain top line growth, we have to enter the market. And it's non-negotiable, in other words, if we don't do it, we will lose the opportunity to gain access to that market. So that's one example, another, which is somewhat non-negotiable, you know, we decided to get into the insurance business four years ago with Medicare advantage. I won't say that was a non-negotiable cause we're still learning, but that's an example perhaps of a two-way door decision to say, it's non-negotiable that we're gonna start the plan, but we're gonna have to figure out if we're gonna be good at it and whether we're going to continue to execute against that particular idea. So that might be an example of a non-negotiable to start, but then a two-way to say, well, but are we doing, and are we executing against our original vision and are we as successful as we want it to be? So those are two examples that I might use of a one-way and two-way door decision.

Diane Weber: Yeah. That's helpful. Thank you. So Yianni, what are some of your key takeaways from the connected approach?

Yianni Douros: Yeah, I think just building on what Ed was saying. Really appreciate that whole idea and couldn't agree more with that on the idea of planning for the plan. And I think the connected approach really forces that process to take place,

you know, compared to the execution bent approach or the siloed approach. Oftentimes the, the focus becomes really on, again, the specific initiative and so organizations and business units within those organizations become strictly focused on what's going on for that particular initiative or, you know, alternatively in the execution bent approach, don't plan for the plan. They just focus strictly on, you know, executing and being more reactive than proactively thinking through all those connected pieces. And so I think when shaping their strategic plans, especially in today's, you know, environment, there are a few others I'd add. I think the first is around the idea of again, starting with the end state vision and really aligning on what identity the organization wants to have and serving its patients, the system and the broader community as part of the transformation.

And I think the distinction I want to call out here is really that the vision is not the mission, nor is it the values of the organizations per se. Instead, it really is thinking about and appreciating having a clear aspiration that is both achievable and measurable. I think the second one I'd add Diane is organizational readiness and understanding the pace of change that a given hospital or larger health system is gearing up for. We've alluded to this during today's conversation, not all health systems are organizationally prepared, or really culturally accustomed to going through a planning process for transformation, you know, never mind adopting the plan itself down the road. Lastly, I'd highlight one more. I think this is really critical as well as measuring outcomes and not process is what makes the difference in the connected approach.

I think many organizations measure the execution of planning steps and the process of doing key activities as part of transformation, almost in a status tracking form. Rather than focusing on achieving the target outcomes. Those outcomes, as we highlighted a lot, need to be outcomes that impact and really serve the patient, the health system and the community overall when doing transformation planning, especially in today's market environment.

Diane Weber: Right? Which brings us right back to that three sided value proposition. You're going to want to measure the outcomes that give you the insights into how you're doing in those areas. Well put, thank you so much. Ed and Yianni, thank you for joining us today and sharing your insights. If you'd like to learn more about Accenture, please visit **www.accenture.com**.

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