

# Accelerated Strategic Planning for Rural and Critical Access Hospitals: Finding Workable Solutions to Today's Toughest Challenges

By Guy M. Masters, M.P.A., Principal, Premier, Inc.



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Is your current strategic plan an effective, confidence-inspiring success tool for your critical access hospital (CAH)? Does it provide clear direction and focused

priorities to guide decisions about resource allocation by the board and senior leadership based on what is happening right now in this country?

There is an extreme need at this time for CAHs to step back from traditional plans and re-engage in strategic thinking that creates dynamic, focused strategies and action plans that address survival and sustainability against the pressures associated with regulatory compliance, payer relations, new technologies, and disruptive competitors creating new sources of market volatility.

## Toughest Challenges Facing CAH Governing Boards

One of the primary roles and responsibilities of the board is to oversee the development and implementation of an effective, high-impact, and achievable strategic plan. In the current environment, it is essential that CAHs have aggressive plans that provide clarity around vision, strategic direction, and organization priorities. The plan

## Key Board Takeaways

Ten essential issues for CAHs to address in an accelerated strategic planning process are:

1. Quality of patient care (demonstrate with data and analytics)
2. Physician retirement, recruitment, retention, engagement, and aligned financial and clinical incentives
3. Broad access (actual and virtual) to primary care and specialty services
4. Service line enhancement opportunities and niches
5. Revenue growth, expense control; model financial impact of strategies
6. Patient/family experience; consumer stickiness and vibrant social media strategy
7. Independence and alignment due diligence (anticipate future needs)
8. Board member and C-suite succession
9. Culture of excellence and accountability
10. Philanthropy

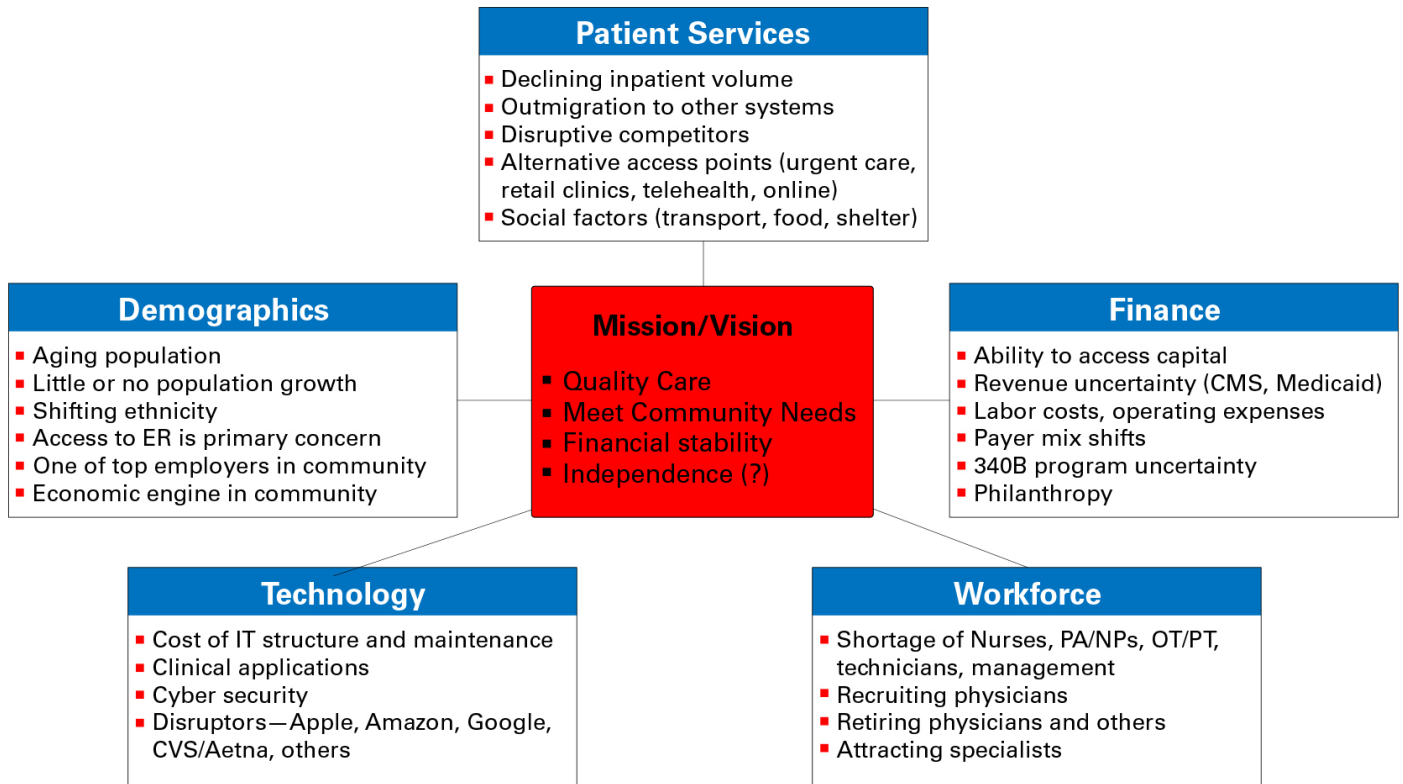
must "ring the bell" and light the way through the turbulent currents of uncertainty and disruptive change.

This article provides suggestions based on our work with successful CAHs for how to create practical, accelerated, implementable strategic plans. We have been using an accelerated planning approach that cuts to the core of the CAH reality to address the highest-priority threats and opportunities that are unique to each CAH and its market characteristics. CAHs must find renewed determination to address the toughest challenges that face them, from physician shortages and reimbursement cuts from federal and state programs to declining patient volume, increasing expenses and deductions from revenue, and more.

## The Accelerated CAH Strategic Plan

Richard J. Umbdenstock, former CEO of the American Hospital Association, once stated that every board meeting should be a referendum around the following issues: First, do we have the *right* strategic plan? If yes, is it being implemented effectively? If not, do we have the right leadership team? Starting with this simple and straightforward question places a tremendous weight on governing boards to make sure that the strategic plan is a strong roadmap that oversees and coordinates every aspect of a CAH's operations, consistent with the mission and vision of the organization.

## Exhibit 1: Top Concerns for Rural and Critical Access Hospitals



### Does Your Organization Have the Right Strategic Plan?

Consider the following steps and essential elements for creating an accelerated strategic plan:

- Confirm the basics:** Validate the mission, vision, and values (these should be confirmed against a 15- to 20-year perspective; change sparingly, yet do so when necessary)
  - Definition of mission: The driving purpose of the organization
  - Definition of vision: A clear picture of your future
  - Definition of values: Principles that guide daily behaviors and difficult decisions
- Strategic direction:** Reassess and define the strategic direction and priorities needed at this point in time for current opportunities and threats based on a summary

analysis of recent changes in the local market, as well as regional and national trends and factors.

- Goals:** Confirm or revise existing goals by focusing on market-differentiating strengths pertaining to the CAH's unique rural situation. Amp up goals that simply "sustain current efforts." Refocus and revitalize critical areas that position the CAH for stronger performance in areas that count.
- Metrics:** Identify a focused few specific metrics for each goal. Metrics should be quantified, with a timeframe. The right strategic plan will have measurable focused metrics that incent collaborative productive activities across departments and units. (Timing for metrics can be variable, but usually fit a three-year perspective.)

- Focused strategies:** Assess, confirm, or revise strategies that are based on what the CAH does well and what can be reasonably expected to strengthen consumer loyalty. Outline high-level strategies for each goal with a target timeframe (approximately 18 to 36 months).
- Responsibility:** Responsible individuals should be identified for each strategy. Each person designated will develop specific tactics and operational plans to implement in departments across the hospital.
- Accountability:** Create an accountability schedule and reporting process (monthly or quarterly) to track progress, monitor for problems early and often, and ensure that adjustments are made as needed.

- **One-page plan:** Create a one-page framework for the strategic plan that is “visually accessible” and communicates immediately every aspect noted above of the accelerated plan.<sup>1</sup>

### Is the Strategic Plan Being Implemented Effectively?

Once the right strategic plan is in place, the next step is to ensure it is properly implemented. A few ways to make that happen include:

- **See yourself in the plan:** An accelerated high-performance CAH strategic plan should be written and presented so that every person associated with the organization can immediately “see themselves” in the plan (especially physicians). They must see how their daily work will contribute meaningfully to the hospital’s mission and overall success. The goal is to secure commitment and ownership by each person through direct identification with the plan and recognition of the importance of their role as a team member. The one-page framework mentioned above is one method to allow this to happen.
- **Communicate, communicate:** Effective implementation requires repetitive communication and reinforcement by the leadership team (from C-suite to departments to the front lines) that the strategic plan really matters in daily priorities

<sup>1</sup> To receive a complimentary copy of the one-page strategic plan framework template referenced in this article, please send an email to [guy\\_masters@premierinc.com](mailto:guy_masters@premierinc.com) and insert “Strategic Plan Framework” in the subject line.

and work efforts. (Note: A great strategic plan will not be developed using the “pile on” method—that is, just keep piling more things on, without regard to what activities need to be stopped). The definition of strategic planning is to make decisions about how to allocate scarce resources (time, money, talent, energy, and attitude) for the benefit of the hospital right now, and into the future.

- **Model ROI:** Return on investment should be modeled to determine the financial impact of implemented strategies relative to projected expectations in the plan. Do the strategies implemented yield the quantitative as well as qualitative benefits that were intended?

### Do You Have the Right Leadership Team?

Effective leadership requires clearly defined expectations and measurable performance criteria. The board sets the example for a culture of accountability to the degree that it holds the CEO accountable to specific standards for her or his performance. Consistency in the board’s approach to the CEO will likely set the environment of accountability at all levels.

A culture of accountability should be nurtured and consistently applied across the organization. Accountability is best achieved when expectations are mutually and clearly identified and agreed to, with timelines for check-ins consistently followed. Effective accountability practices will help eliminate silos and incent collaboration across departments, units, and individuals at

all levels. The accountability process done correctly will be energizing and empowering if all parties are transparent and acknowledge that they have common objectives and end-points.

### The Ultimate Strategic Success Factor: Execution

Translating strategy into an implementable action plan is the responsibility of management, as monitored by the board. Failure to execute can be mitigated by regular measuring, monitoring, and reporting back to the board. A key to bridging the gap between planning and execution is the practice of involving a broad scope of associates in the planning process. This can be done through surveys, focus groups, interviews, and focused brainstorming sessions. The more that associates participate in the process, the more likely it is for there to be a high level of willing and enthusiastic engagement in executing the final plan.

During these turbulent times, it is essential that strategic plans be accelerated, with top priorities pulled forward efficiently and smoothly without sacrificing quality or effectiveness. Successful acceleration requires participation and buy-in at all levels of the organization. People want to be a part of successful teams and endeavors where their contributions are purposeful and recognized for good performance. Governing boards must set high expectations for management and every stakeholder, with an interest in the sustainability and success of the organization. These are legacy decisions with long-term effects; the risks are real, and the outcomes are in your hands.

*The Governance Institute thanks Guy Masters, Principal at Premier, Inc., and Governance Institute Advisor, for contributing this article. He can be reached at [guy\\_masters@premierinc.com](mailto:guy_masters@premierinc.com). Guy Masters would also like to acknowledge valuable input from the following: Mitchell E. Deines, Board Chair, Beatrice Community Hospital & Health Center (Beatrice, NE); James B. Falahee, Jr., Senior Vice President, Legal and Legislative Affairs, Bronson Healthcare Group (Kalamazoo, MI); Connie McCahill, President and CEO, Cameron Memorial Community Hospital (Angola, IN); and John Mentgen, President and CEO, Regional West Health Services (Scottsbluff, NE).*