Don’t Complicate the Future: Creating a Simplified Strategic Plan

Objectives

- Why is Strategic Planning so important?
- Tactical VS. Strategic
- What does a “healthy” practice look like?
- Logistics of a strategic planning retreat/meeting
- Step 1: Planning
- Step 2: Implementation
- How to get started – Gaining commitment from the stakeholders

According to a Fortune Magazine Survey, 86% of business owners spend less than 1 hour per month discussing strategy.
Internal benefits to strategic planning

- Clarity amongst chaos
- Operating in vision, not circumstances
- Employee motivation and engagement
- Transformational leadership and accountability
- Organizational collaboration

Strategic Thinking VS Tactical Thinking – What’s the difference?

<table>
<thead>
<tr>
<th>Strategic thinking:</th>
<th>Tactical thinking:</th>
</tr>
</thead>
<tbody>
<tr>
<td>is a process that defines the manner in which people think about, assess, view and create the future for themselves and others. This helps to create long-term success.</td>
<td>is short-term action/s that allow you to achieve a particular goal or strategy.</td>
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</tbody>
</table>

Strategic Thinking will answer these important questions:

- What do we want the practice to look like in 5 years?
- How many and what mix of providers do we want as part of our team?
- What external factors may affect our future?
- What types of products or services do we want to provide?
- What do we need to do today to maximize our practice offerings?
- Why are we providing these products and services?

Strategy and tactics must work in tandem.

- These two must work in tandem, without it your organization cannot efficiently achieve goals.
- If you have strategy without tactics you have big thinkers and no action.
- If you have tactics without strategy, you have disorder. This is most common in medical practices.
- Organizations need big wings (strategic thinking) and feet (capability to achieve).
**Why is Strategic Planning so important?**

- **External Factors – “constant change”**
  - Healthcare reform
  - The Economy
  - Accountable Care Organizations/Managed Care
  - Medicare reimbursements declining
  - New Regulations
  - Baby booming seniors

- **Internal Factors – “constant challenge”**
  - Staffing and customer service challenges
  - Flow & efficiency of patients causing long wait times
  - Patients have high expectations and they are sharing their reviews online

**What does a “healthy” practice look like?**

- Strong leadership from the Doctors and Administrator
- Financial discipline – (especially when attending conventions, such as AAO and ASCRS)
- Commitment to providing the highest level of customer service
- Commitment to providing a positive & professional work culture
- Proactive to regulation changes and changing market conditions
- Commitment to strategic planning & implementation

**Simplified Strategic Planning – Just 2 Steps:**

1. Planning
2. Implementation

Planning and implementation is essential for meeting the long-term goals of a practice. Creating a strategic plan without implementation is completely futile.
Step 1: Planning

- Develop a Mission Statement for the Practice
- Analyze the Market and Competition
- Complete a Practice Assessment
- Determine Your Strategy
- Develop Goals

What is Your Practice’s Mission Statement?

Take 5 minutes to write down adjectives that describe your practice.

Create a Mission Statement

- Make it a team effort
- Develop a list of adjectives to describe the practice:
  - Community focused
  - Family friendly
  - Multispecialty
  - Patient-centered
  - Physician leaders
  - Science-driven
  - High-value quality care
  - Respect

Sample Mission Statement

Mayo Clinic’s mission is to inspire hope and contribute to health and well-being by providing the best care to every patient through integrated clinical practice, education and research. Our primary value is "The needs of the patient come first."

Prepare the following analysis:

- Internal Practice Assessment
- Financial and Production Analysis
- SWOT Analysis – Strengths, Weaknesses, Opportunities and Threats
- Patient Satisfaction Assessment
- Online Patient Review Analysis
- Facility Review
SWOT Analysis

**Strengths**
Fantastic surgeons and staff providing quality of care.

**Weaknesses**
Outgrowing office space.

**Opportunities**
Competitor on other side of town is retiring.

**Threats**
Declining reimbursement from Medicare.

Financial Benchmarking

- Operating Expenses: 50-70%
- Staff Payroll: 20-26%
- FTE Staff per Doctor: 4-8
- Patient Encounters per MD: 4,000-7,000
- Net Collections per MD: $800,000-$1.3M
- MD Revenue Rate per pt. encounter: $175-$250
- Patient Encounters per OD: 2,000-4,000
- Net Collections per OD: $200,000-$400,000
- OD Revenue Rate per pt. encounter: $80-$120
- New Patient Ratio: 15%-25%

Sample Benchmarking Report

<table>
<thead>
<tr>
<th></th>
<th>Eye Practice 2015 Annualized</th>
<th>National Benchmarks</th>
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</thead>
<tbody>
<tr>
<td>Operating Expenses</td>
<td>$4,974,696.00</td>
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<tr>
<td>Net Collections</td>
<td>$7,731,404.00</td>
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<tr>
<td>Operating Expense Ratio</td>
<td>68%</td>
<td>50%-70%</td>
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<tr>
<td>Staff Payroll</td>
<td>$1,321,188.00</td>
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<tr>
<td>Staff Payroll Ratio</td>
<td>18%</td>
<td>20%-26%</td>
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<tr>
<td>Number of FTE Staff</td>
<td>40</td>
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<tr>
<td>Total FTE MDs</td>
<td>3.5</td>
<td></td>
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<tr>
<td>Total FTE ODs</td>
<td>2.1</td>
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<tr>
<td>Number of FTE Staff per MD/OD</td>
<td>6.67</td>
<td>4FTE - 8FTE</td>
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<tr>
<td>Total MD Patient Encounters</td>
<td>22,289</td>
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<tr>
<td>Patient Encounters per MD</td>
<td>4,000-7,000</td>
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<tr>
<td>Net Collections per MD</td>
<td>$6,311,586.00</td>
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<tr>
<td>Net Collections per FTE MD</td>
<td>$1,806,247</td>
<td>$900,000-$1,3M</td>
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<tr>
<td>Revenue Rate per MD Patient Encounter</td>
<td>$283.63</td>
<td>$175-$250</td>
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<tr>
<td>Total OD Patient Encounters</td>
<td>4,268</td>
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<tr>
<td>Patient Encounters per OD</td>
<td>2,000-4,000</td>
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<tr>
<td>OD Net Collections</td>
<td>$614,067.00</td>
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<tr>
<td>Net Collections per FTE OD</td>
<td>$261,823.00</td>
<td>$180,000-$400,000</td>
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<tr>
<td>Revenue Rate per OD Patient Encounter</td>
<td>$79.11</td>
<td>$80-$150</td>
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<tr>
<td>Net Collections per FTE Staff</td>
<td>$183,136.60</td>
<td>$140,000-$200,000</td>
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<tr>
<td>Total New Patient Encounters</td>
<td>3668</td>
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</tr>
<tr>
<td>Total New &amp; Est. Patient Encounters</td>
<td>22289</td>
<td></td>
</tr>
<tr>
<td>New Patient Ratio</td>
<td>16%</td>
<td>15%-25%</td>
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Sample Benchmarking Report

- Understand industry financial benchmarks
- Search online for reviews of your practice/competition
- Sign up for Google Alerts
Patient Reviews - Google Search New Jersey

Logistics of a Strategic Planning Retreat/Meeting

- Off-site
- Private meeting room
- All stakeholders should be in the room (owner doctors/administrator)
- Create a comfortable space with U shaped table/chairs
- Have an agenda/presentation
- Create a realistic timeline with breaks
- Have some fun!

Simplified Strategic Planning – Step 2:

Step 2: Implementation

- Develop an implementation plan with due dates.
- Define objectives in “actionable” terms.
- Assign an “owner” to each initiative.
- Schedule “due dates” for completion of each initiative.
- Evaluate results on a consistent basis.
  - Written reports/updates
  - Schedule regular meetings.
  - Integrate with practice budget.

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How to Implement Successfully

- Assign an “owner” to each of the plan objectives.
- Use a written action plan and update the plan with the status changes. A simple Excel spreadsheet will work.
- Meet on a regular basis with updates quarterly or monthly.
- Share the plan with your entire team. This holds everyone accountable.
- Celebrate your accomplishments!

Most Common Reasons a Strategic Plan Fails:

- Lack of physician commitment
- No ownership of individual objectives
- Lack of communication
- Too busy with tactics – putting out daily fires
- Plan is overwhelming
- Strategy discussions are only done on an annual basis
- Team members not providing consistent updates
- Lack of accountability

Conclusion

- Keep it simple; no need to complicate the process
- **Step 1: Planning** - Prepare internal & external assessments
  - Understand how your practice compares to the competition (financial benchmarks & patient satisfaction)
  - Create a comfortable off-site location for the actual meeting
- **Step 2: Implementation** – Communicate, communicate, communicate
  - Develop a plan with “actionable” items with “owners” & deadlines
  - Hold the team accountable
  - Celebrate your success!