In the early stages of writing the first edition of this book, I omitted this chapter. Instead, I chose to dive in to the topic of performing the actual work of strategic planning and began to describe its process and products. However, as I tried to describe what must be accomplished in strategic planning and why, I realized I had left out the first, most critical activity: organizing for successful strategic planning.

Looking back on the hundreds of strategic plans I have reviewed, and the many planning and management staffs I have spoken with about strategic planning, I see that one common mistake made in an organization’s strategic planning process is the failure to organize before beginning the so-called real work of strategic planning. To avoid this pitfall, the following 12 steps should be completed in advance of strategic planning:

Organizing is what you do before you do something, so that when you do it, it is not all mixed up.

—A. A. Milne

By failing to prepare, you are preparing to fail.

—Benjamin Franklin

CHAPTER 2

Organizing for Successful Strategic Planning: 12 Critical Steps
1. Identify and communicate strategic planning objectives
2. Describe and communicate the planning process
3. Assert CEO leadership of strategic planning
4. Define and communicate the roles and responsibilities of other organizational leaders
5. Identify the strategic planning facilitator
6. Establish and communicate the strategic planning schedule
7. Assemble relevant historical data
8. Resolve not to overanalyze historical data
9. Review past strategies and identify successes and failures
10. Conduct strategic planning orientation meetings
11. Prepare to stimulate new thinking
12. Reinforce future orientation

IDENTIFY AND COMMUNICATE STRATEGIC PLANNING OUTCOMES

The word communicate is integral to the first six steps of organizing for strategic planning. One common mistake made in traditional healthcare strategic planning is that too few people undertake too much analysis. The planning process should include as many elements of organizational leadership and as many different perspectives as possible. To ensure widespread participation, emphasize communication of strategic planning objectives to the entire healthcare organization from the outset of the organizational phase.

The importance of clear outcomes to successful strategic planning cannot be overstated. General outcomes-oriented statements such as “Strategic planning will provide our organization with a road map for the future” or “Strategic planning will allow our organization to allocate scarce resources in the most effective manner possible” are not specific enough to prove to all constituencies that expending time and resources for strategic planning is worthwhile.

Specific strategic planning objectives should be established and reviewed periodically during the planning process to ensure that
priority issues are being addressed and that the plan is on track to produce outputs that satisfy these objectives. Some specific objectives for the healthcare delivery environment of the twenty-first century include determining how to

- prepare for and respond to market consolidation and increasing competitive pressures;
- achieve the highest quality and best outcomes at the lowest cost;
- coordinate and integrate care with physicians and nonacute care providers;
- increase access to services, especially primary and preventive care;
- respond to demands for consumer-driven healthcare, including patient-centric care and increased availability and transparency of information; and
- address the shortage of physicians, nurses, and other healthcare professionals.

**DESCRIBE AND COMMUNICATE THE PLANNING PROCESS**

Too often, planning begins without a clear sense of what the planning process entails. In these cases, planning may commence as a reaction to questions raised by the organization’s board or senior management. As these leaders deliberate their answers, they decide that the best context in which to deliver them is an as-yet-unspecified strategic planning process. Thus, migration into what is called strategic planning begins without a careful and thoughtful attempt to understand why or how planning should occur.

Whether your organization chooses the strategic planning process described in this book or one from the abundance of other available materials on the subject, it is imperative to identify and customize it to meet the organization’s specific needs prior to ini-
Initiating strategic planning. Once a process is developed to meet the specific strategic planning objectives of the organization, it must be communicated effectively to organizational leadership and other important stakeholders. Leadership and stakeholders will feel removed from the strategic planning, be reluctant to participate, or participate ineffectively if they lack understanding of the process.

**ASSERT CEO LEADERSHIP OF STRATEGIC PLANNING**

In nearly all organizations, including healthcare organizations, the CEO leads the strategic planning process. Other people may also play important roles, and in a not-for-profit organization the board of directors is especially critical. However, the CEO should be the leader.

Fogg (1994) suggests that at the outset of the planning process, the following key aspects of the CEO’s role and leadership responsibilities be clarified and communicated:

- Demonstrate and continually reinforce the importance of planning in the organization
- Allocate time, money, staff support, and personal support to the planning process
- Set high standards for the planning process and results
- Encourage creativity and the search for the unlikely or not so obvious
- Lead the development of an inspired, comprehensive, and far-reaching vision for the organization
- Make, push, or affirm timely decisions
- Serve as the principal link between the planning process and important external constituencies
- Hold senior staff and others accountable for results and reward them accordingly
- Install an ongoing integrated planning process and infrastructure
By asserting a strong presence at the start of the strategic planning process and then executing key elements of the leadership role throughout it, the CEO appears, appropriately, as the champion of strategic planning and increases the probability of a smoothly functioning process and successful results.

**DEFINE AND COMMUNICATE THE ROLES AND RESPONSIBILITIES OF OTHER ORGANIZATIONAL LEADERS**

Strategic planning is a major responsibility of a board, particularly in not-for-profit organizations. The board represents the community, which in not-for-profits is the owner of the organization. As such, the board needs to play an especially significant role in setting and guarding the mission and values of the organization. It also should serve as a key adviser to staff on other significant plan elements. And ultimately, it is the board that must approve or reject the strategic plan.

In healthcare organizations, strategic planning is a mechanism for bringing physicians—whether employed by the organization or not—into the process of collectively determining the future direction of the organization and its related entities, such as physician groups. Depending on the nature of the organization, other clinicians may also play a key role in strategic planning.

Commentators in the literature differ in their opinion of how important it is for various organizational constituencies to participate in the strategic planning process, and of how broad and deep that involvement should be. Some experts believe that executive management is principally responsible for planning and that other stakeholders’ involvement should be limited. Some believe that the best plans are developed when stakeholders in the organization participate broadly and frequently. The perspective espoused in this book falls closer to the latter view. Chapter 7 discusses this issue further.
Here, as in the planning preparation steps discussed earlier, there is no single answer for every organization, but rather a choice to be made, typically by the CEO and senior management team, from among available alternatives. Regardless of the level of participation selected, the decision should be made before the planning process begins and be communicated clearly to all affected constituencies. Once the strategic planning process is formally initiated, board members, management staff, physicians, and others will understand their roles in the planning process and what specific responsibilities they will have as it unfolds.

In most healthcare organizations, a strategic planning committee is established to oversee the planning process. This group may be a standing committee of the board or created to serve on an ad hoc basis. Initially, the committee should aim to

• describe and discuss strategic planning outcomes;
• review and revise the strategic planning approach and schedule, including identification of key project meetings and other milestones;
• review the initial database and identify sources for any additional data required;
• identify internal and external stakeholders to be interviewed;
• identify other primary market research to be conducted, including intended audiences and purpose of market research; and
• discuss the mechanisms for interface among the planning staff, external advisers (as applicable), and the organization, including
   1. staff contacts for logistical support;
   2. interaction with the board, medical staff, and other constituents; and
   3. logistical issues related to the planning process.
IDENTIFY THE STRATEGIC PLANNING FACILITATOR

While the CEO may be the leader of strategic planning, day-to-day facilitation of the process is typically managed by another individual. How facilitation will be carried out must be resolved at the outset of the process.

Fogg (1994) suggests that Most CEOs depend upon a skilled, objective strategic planning facilitator to jump-start the organization into strategic planning and to shepherd the process during the early years of implementation. A good facilitator helps the organization design and install an effective planning and review process, trains the planning team and the organization in facilitation techniques, intervenes when key organizational or strategic blockages occur, and exits once the team is self-sustaining and self-facilitating.

In nearly all healthcare organizations, the choice of a facilitator is between an internal staff member, typically the director or vice president of planning, and an outside consultant. Occasionally, the facilitator may be an experienced board member, which is generally not recommended, or, in smaller healthcare organizations, the CEO. Once the selection is made, it should be communicated widely in the organization before strategic planning formally commences.

ESTABLISH AND COMMUNICATE THE STRATEGIC PLANNING SCHEDULE

Although strategic planning should be an ongoing activity of every organization, a full strategic plan development process or a complete update of the current plan is usually necessary every three to five years. Most organizations that practice ongoing strategic plan-
ning have annual planning cycles and schedules. In such situations, a brief strategic plan update is typically carried out in the first six months of the fiscal year.

Strategic planning experts disagree about the optimal duration of the full strategic planning process. Some believe the plan should be completed as quickly as possible to maintain a high degree of focus. Others believe that an extended schedule allows for broader participation and more creative thinking during the process.

This book endorses a course of action that falls between these two points on the duration spectrum, generally one leaning to the latter view. Here again, senior management must choose from among available alternatives, each with pros and cons. As with the previous steps, the choice should be made deliberately and consciously, before planning activities are initiated, and clearly communicated to all affected constituencies.

ASSEMBLE RELEVANT HISTORICAL DATA

Possessing accurate and relevant data is an asset to strategic planning. Conversely, having inaccurate and incomplete data can be a major impediment to strategic planning. It is never too early to assemble a historical database for strategic planning. Data that profile the past three to five years of the organization’s performance and the market in which it operates should be compiled and routinely updated. The specific types of data required and analytical approaches are discussed in Chapter 3. The main point here is twofold:

1. To stress the importance of an early start on the time-consuming data collection process, which is often difficult to complete in a reasonable time frame
2. To emphasize that it is critical to devote ample time and effort to data collection to ensure an accurate and complete database
Discovering at the middle or end of the process that essential data are missing or inaccurate is discouraging at a minimum and disabling at worst, especially if the problem is discovered in a public forum and undermines the credibility of the strategic planning process.

**RESOLVE NOT TO OVERANALYZE HISTORICAL DATA**

Historical data assembled to aid strategic planning can be a great asset, but data can also trap the organization in a cycle of ineffectiveness. Two major pitfalls hinder effective strategic planning.

**Inability to Assemble the Required Database**

Determining the amount of historical data required for sound planning is a subjective decision. Often, a few members of a planning team want more or better data and will disable the planning process before it begins or derail it through a series of challenges to its validity.

**Undue Focus on Analyses of Past Performance**

A related problem is planning team members’ penchant for analyzing every facet of historical performance. Determining what analyses are necessary for sound strategic planning will derail efforts to compile superfluous information and limit lengthy delays caused by excessive data gathering.

Although it can be comforting to focus on the past and dwell on the familiar, strategic planning should be oriented toward preparing the organization for the future. Organizations should resolve to use historical data for their intended purpose: guiding future forecasts and strategies.
A review of the organization’s past strategies, successes, and failures is often best completed before the strategic planning process starts, for three reasons:

1. It will help determine how best to structure the strategic planning process itself.
2. It will highlight certain types of analyses that may be important to successful planning in a particular situation.
3. It will identify issues the organization’s leaders must be aware of as they formulate the new strategies and implementation approaches.

An objective review of past strategies can be enlightening. Often the actual strategies an organization used are different than those proposed in the strategic plan developed for that time frame. Similarly, the actual strategies the organization employed may vary from those that leadership thought were being followed. A review of historical documents by someone outside the inner circle—a new senior staff member or a consultant—and a discussion of what was proposed, was perceived, and actually occurred over the previous three to five years can be a fascinating and important pre–planning process exercise.

As part of this process, what has worked, what has not, and why should be reviewed. Failure to pay adequate attention to unsuccessful strategies in formal planning can lead to recurring mistakes. Thorough, honest evaluation of successful and unsuccessful strategies can help an organization avoid this common pitfall.
CONDUCT STRATEGIC PLANNING ORIENTATION MEETINGS

Orientation meetings set the stage for the official launch of the planning process. Although meetings may be deferred until the strategic planning process formally commences, these meetings should be scheduled and held during the pre-planning stage.

To become fully engaged at the outset of the process, senior management and the strategic planning steering committee might embark on a planning retreat. Here the leadership and committee review the organization’s past planning initiatives, including successes and failures; identify and explore important environmental trends and potential impacts; and discuss key planning issues already defined, including potential alternatives to address these issues.

Holding strategic planning orientation sessions for other groups in the organization may be desirable at this point as well. Depending on the size and complexity of the organization and the breadth and depth of participation being sought in the strategic planning process, orientation sessions may be held with the entire board, other members of senior management, physicians, other professional staff, or municipal government leaders or community groups. These sessions usually focus on a few of the areas outlined, such as objectives for strategic planning, the planning process and schedule, or the role of the affected constituencies in the planning process.

PREPARE TO STIMULATE NEW THINKING

Engaging in True Strategic Planning

As the strategic planning process gets under way, the temptation to extrapolate from the performances and experiences of the past and
to devise future strategy on this premise must be resisted. In the more orderly and less frenetic world of past decades, good planning strategy may have resulted from this approach. But with changes in the field occurring non-linearly and at an ever-faster pace, this approach is likely to lead to naive strategies at best and incorrect forecasts and flawed strategic direction at worst.

**Avoiding Mimicry**

Another problem-laden strategic planning method that healthcare organizations frequently use is adopting or mimicking strategies used by other organizations in demographically similar but more advanced regional markets. This practice often is seen in organizations located in the Midwest or on the East Coast that try to replicate successful methods implemented in California or a similar advanced market. Although this approach may work, it poses significant hazards, including lack of comparability with seemingly similar situations and failure to understand the strategy and plan as it applies to the more advanced market.

While learning can occur in these situations, emphasis should be devoted to breaking new ground and creating a plan that leverages an organization’s unique situation and strengths in its market. As is described in chapters 3, 4, and 5, healthcare planners must be thoughtful and creative in accurately characterizing the future environment, understanding implications of changing environmental conditions, and considering potential strategies that enable organizations to achieve strong, beneficial results. Much strategic planning conducted by healthcare organizations assumes a static competitive environment. This approach is at odds with today’s reality and will be increasingly so in the more dynamic era of the future.
Stimulating Creative Thinking

With recognition of the importance of strategic thinking in the planning process, this new edition devotes Chapter 11 to stimulating such thinking. What is important to understand at this point is that preparation for the strategic planning process in each organization should include some review of the enormous body of available strategic thinking literature, consideration of organizational needs and potential alternative processes, and selection of techniques that may help the organization leap forward in its strategic development.

REINFORCE FUTURE ORIENTATION

To successfully plan for the future, healthcare organizations must adopt a new perspective on it. This perspective needs to be broader, bolder, and more creative and dynamic than any required in the past. To counter the tendency to overemphasize the past and present circumstances, leaders need to overcompensate and continually push their organizations to break with that past and consider alternative futures that differ vastly from today’s known circumstances. Injecting this kind of thinking into healthcare strategic planning invigorates the process and leads to thoughtful plans and strategies that will set the new standard by which successful planning and development is measured in the twenty-first century.

CONCLUSION

Before initiating the strategic planning process, organizations may find it helpful to review some requirements for effective planning.
Exhibit 2.1 presents a useful starting point for discussion. If strategic planning is to be judged successful, especially in nonprofit organizations, it must have all the elements identified in the column headings. Lacking even one element will lead to the problems described in the rows of the exhibit, and, ultimately, failure to plan effectively for the future.

Even 30 years after its emergence, healthcare strategic planning remains a relatively immature practice despite its growing sophistication. Within this chapter alone, healthcare strategic planning has been characterized as historically focused rather than future oriented, lacking creativity, preoccupied with mimicry, haphazardly applied, and poorly planned for. One part of the problem is a lack of drive toward clear, compelling results; another part is a failure to adequately prepare to plan by staff and other important members of the organization. This chapter addresses both of these deficits and, it is hoped, heightens awareness of the need to prepare for successful strategic planning.