EXECUTIVE INSIGHTS

Kaufman Hall Executive Dialogue:

REIGNITING YOUR ORGANIZATION'S STRATEGIC PLAN

American Hospital Association™
Advancing Health in America

SHSMD Society for Health Care Strategy & Market Development℠

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When hospitals have struggled with financial downturns in decades past, they often could afford to ride out the immediate future with a "less than adequate" strategic plan. That's not the case in a post-COVID environment, where some hospitals and health systems are finding their strategic plans no longer meet their needs in an environment of slim-to-negative operating margins, a shrinking workforce, increased competition from well-capitalized disruptors, and rising expenses, from labor to supply chain to operations.

To gain feedback from senior leaders in healthcare, the American Hospital Association's Society for Health Care Strategy & Market Development (SHSMD) hosted the executive dialogue, "Reigniting Organizational Vision and Strategy," at its SHSMD Connections 2023 Annual Conference in Chicago, Illinois. The executive dialogue was sponsored by Kaufman Hall.

KEY FINDINGS

How can healthcare leaders reinvigorate their organization's strategic plan to drive better decisions for the future of care in their communities? Ryan Gish, managing director, Kaufman Hall, offers six findings based on the participants' discussion.

1. **Look for ways to leverage the strategic planning process to deepen connections.** "Many organizations are beginning to view the strategic planning process as an opportunity to strengthen relationships with physicians, the board, and their employees," Gish says. "At a time when hospitals and health systems have lost clinicians and staff due to the stresses of the pandemic and the pressures of working in a post-COVID operating environment, these discussions can open the door to conversations around where pain points exist and how to solve them. It can also refocus the entire team on building toward a common vision for care."

2. **Plan deliberate time to talk about the now and the near.** "When people are stuck in an operational challenge or they have a crisis to focus on, they can't bring themselves to think further than the now if that time isn't carefully planned," Gish says. "The same is true in thinking about near-term strategy. It's important to dedicate time for discussions such as, 'What can we expect in the next two to three years, and what do we need to ramp up to prepare for that near-term reality?'"

3. **Balance participation versus prioritization.** "There is a huge need for engagement among team members and the board to reinvigorate strategy discussions, but engagement should not lead to the least common denominator strategy," Gish says. "To make tough decisions, it's important to determine what insight you most need from staff and the board and which discussions are better held among senior leaders."

4 **Explain the why behind the strategy.** In a post-COVID environment, one panelist shared, employees want to know how they can make a positive impact on their organization's performance. Define a few key areas where your organization will place strategic focus and give employees and board members the big-picture view of the challenges that prompted this strategy and why these actions matter. Then, discuss the metrics that will define and help gauge the organization's progress.

5 **Divide your core strategy between foundational and strategic.** "This helps avoid scenarios where the environmental services' manager has a performance metric around incorporating AI into the business and they're saying, 'I don't understand how to apply this to my job,'" Gish says. "By separating foundational tactics from core strategy, you can drive those plans down to your managers and directors, allow them to develop metrics to measure their individual progress, and still maintain focus on the broader strategic themes for the organization."

6 **Don't forget patient access.** "Access is quickly becoming one of the key dimensions for competition," Gish says. "Top of mind for every healthcare consumer is, 'How quickly can I get in?' Make sure you have consistent expectations and monitoring for patient access across your system. Take time to consider what access means for your system and what's appropriate for your organization and your community."

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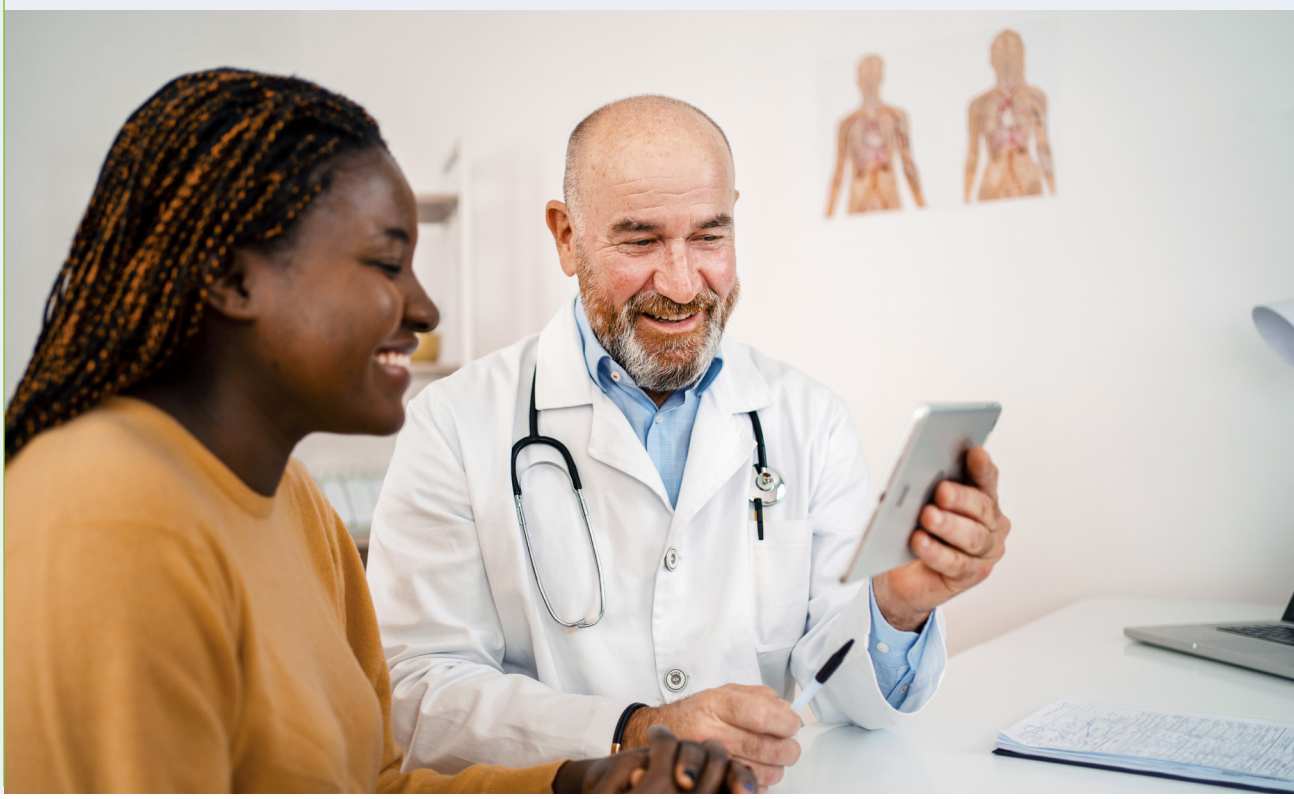

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MODERATOR: SCOTT CHRISTENSEN, KAUFMAN HALL

In this environment, how are hospital and health system leaders rethinking their strategic planning process? Does their process mirror that of a pre-COVID environment, or are they taking steps to reimagine how to make strategic planning more robust to meet near-term and long-term challenges? And how are they involving key stakeholders, from staff to clinicians to board members, in this process?

SUMMARY: Organizations are pushing planning horizons back out after the short-term, tactical focus required in responding to COVID. They are deepening their engagement with stakeholders, ensuring that all voices within the organization are heard. Planning leaders are focused on strengthening core services and foundational competencies, and are exercising strategic discipline in what they say yes to, and what they say no to.

MODERATOR: Has your organization's stratgic planning process changed dramatically since pre-COVID times? How are you managing that process and engaging team members across your organization?

SUMMARY

Strategic priorities and assumptions are being reviewed and repositioned. Stakeholders are being encouraged to return to a longer-term focus and are being engaged in the planning process through interviews and special committees. Core service lines are being strengthened; others are being consolidated or modified to free up resources for other needed investments.

DAVE STEPHENS *(Hackensack Meridian Health)*: As we faced the initial major COVID crisis across the New Jersey and New York area, we immediately paused some of our traditional strategy work and redeployed most of the team for critical operational support. As we emerged, we focused on specific core growth and recovery strategies across several major work streams. We transitioned to what we called "reimagining"—really a two-year sprint on visioning, repositioning priorities, and executing with the appropriate structures. We formed a special board committee that oversaw the progress. We had broad communication and engagement strategies to help all of our team members understand our process and progress. It was a chance to rethink and refocus our strategic approach to capital allocation and execution. It helps us today as we focus on our three-year strategy cycles with rapid one-year tactical adjustments.

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DENNIS JOLLEY *(UW Health)*: We initiated a process of strategic assumptions surfacing and testing, where we asked our stakeholders, "What are your basic assumptions about the business? What are your assumptions about what's going on in the external environment?" We then aggregated the feedback from hundreds of stakeholder interviews into themes. Our leaders evaluated the insights we received and scored them according to the likelihood that these events would occur, the readiness of our organization to respond to them, and the potential impact. This gave us a really interesting trends radar. We reevaluate our positioning on these trends every six months with the board, and we use this evaluation as a touchpoint for our strategy as a system. This gives us a common starting point for strategic planning discussions.

RYAN GISH *(Kaufman Hall)*: Dennis, what you said resonated with me. Engagement is so important, and I'm seeing health systems undertake interviews with stakeholders, and it's all very public. But the flip side is, some healthcare organizations have core strategic questions that aren't appropriate to share so broadly. These organizations might have three to four big questions that they ask of smaller groups.

STEVE LINEBERRY *(Corewell Health)*: One of the things we've found as we emerge from COVID is that a lot of the strategies became much more tactical, much more near-term. And so the horizonal shift went from looking at the five- and 10-year plan and the two-to-three-year plan to the one-year or six-month plan. Getting our boards—our regional boards, our broader board, as well as all of our stakeholders—to focus on a longer-term horizon became very difficult because we were facing staffing shortages and labor shocks and inflation and all of these different things that came out of COVID. And so as we start to reinvigorate things, we are pushing the horizons back out, saying, "What is the longer view?" We've had to be very deliberate about that. And we're still going through the post-COVID era when it comes to reimagining how we're going to deliver care and do other things.

On top of this, we're dealing with the challenge of a large integration of two health systems. As we think about the future, all of our folks are trying to grapple with the new reality of a new system. So we've had to be very methodical and very deliberate about engaging stakeholders and building toward a common vision.

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LISETTE HUDSON *(Community Hospital Corporation)*: Our board really challenged us to look at our mission as well as at our strategic priorities to make sure they still made sense, given the drastic changes our hospitals experienced during the pandemic and afterward. Did our mission still fit our community hospitals' needs? We engaged a consultant to help us evaluate this question, and it was a really intense process. Our board challenged our leadership team not to do things the way we've always done them simply out of habit. Some of our hospitals that struggled prior to COVID received an infusion of cash thanks to federal assistance during the pandemic, but now that these funds have been spent, they face significant struggles. We're looking at a number of options for these hospitals, such as converting one of them to rural emergency hospital status and determining whether others might best function as critical access hospitals. These are decisions that could help preserve healthcare in some of the smaller communities we serve.

CHRISTOPHER KANE *(Phoebe Putney Health System)*: I'd sum it up by saying we're focused on the core, not the cool. We're expanding and renovating our emergency department (ED), our neonatal intensive care unit (NICU), and our intensive care units (ICUs). You might say, "Why would you do that now?" Well, it was long overdue. The board and our leadership team were prudent to set aside some funds for this work, so we're able to invest in these improvements.

We're also looking for ways to increase our nursing pipeline. We owned an old high school that we repurposed. Now, we're undertaking a $50 million project to create classrooms and apartments for 200 nurses in collaboration with a local technical college. During the pandemic and afterward, our reliance on contract nurses presented enormous financial challenges. We're also looking at ways to support graduate medical education. We have great market share for our cardiology and oncology service lines, but it's a very competitive recruitment environment to add physician capacity for growth. The worst scenario is to create demand and interest in your service lines and then have patients experience a four-month wait for services.

AMANDA TRASK *(CommonSpirit Health)*: In the midst of COVID, we were strongly focused on offering the highest level services at the right place and in the right time. As we emerge from COVID, the opportunity presents itself to evaluate, prioritize, and strengthen service offerings. We are seeing service lines expanded in some areas and shifted in other areas. In some cases, that means consolidation of service lines. Doing so frees us up to make investments in other areas, such as ambulatory and care continuum, but these can be challenging decisions. It's important to consider: In the challenging economic ecosystem of healthcare, we may not be able to afford to do it all. What we choose to do, we strive to be the preferred provider to the communities we serve and ensure access to care for all.

MODERATOR: You're having to balance the realities of the here and now. How do you focus your energy on the firefighting of now versus what's coming in the future?

SUMMARY

Deliberately creating time and opportunities for team members to focus on the long term is essential. Organizations also are applying strategic discipline to the number of initiatives they undertake and are paying close attention to prioritization and execution.

ALLISON VANCE *(Regional One Health)*: There are times to talk about the here and now, and there are times to talk about what lies ahead, and you have to know when to prioritize specific discussions. Because we're an independent not-for-profit hospital with limited resources, we find that a lot of people are so stuck in the weeds of the day-to-day operations, it's really hard to think long term. We've created cross-functional teams to lead these discussions, with each team reporting to an executive leader.

For example, we needed a plan for talent workforce development in Memphis. Based on the ideas we received from our team, we've created partnerships with local high schools to create graduate LPN programs, where our senior nursing directors can provide education directly in the high schools. We've worked hard to balance who we're asking to take on new tasks so that they have the bandwidth to focus on the right things.

STEVE LINEBERRY *(Corewell Health)*: One of the things we've done is to deliberately set aside time for discussions around strategy. We also have a very tight alignment with a separate-but-related operations struc-

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ture that is focused on the near. We continually audit what we are doing versus what we said we were going to do and whether we're seeing the results we set out to achieve. We've worked diligently to weave together our strategic planning process with our operations and also with finance because strategy is about choices—especially in this environment.

DENNIS JOLLEY *(UW Health)*: That operational focus is key. We all have hospitals full of people who want to do the right thing. A year and a half ago, we spent a lot of time talking about the need to improve access to care. Flash forward six months, and we had 27 different access initiatives going on. It was like our teams were throwing spaghetti at a wall, hoping something would stick. We had to take a step back and say, "Yes, we want to improve access everywhere, but let's start with a few key areas. Let's figure out what works and go from there." By slowing down and concentrating on a few areas of opportunity, we can disseminate shared learnings across our organization.

DAVE STEPHENS *(Hackensack Meridian Health)*: That's one of the biggest shifts I've seen post-COVID: the need for strategic discipline not just in what we say yes to, but also what we say no to. On one hand we all feel the urgency of effective strategy execution, but now we do so with an even better lens on prioritization and execution, whether it is ambulatory development, partnerships, innovation investments, or service realignment—across the board. It can still be a challenge, but keeping the goal of clarity front and center in the conversations has been critical.

DENNIS JOLLEY *(UW Health)*: I agree. Sometimes, "No" is not a forever no. It's just, "Not right now."

MODERATOR: How would you encourage other organizations to think about engaging employees and helping them have a clear vision of what's important and what's not? What works and what doesn't from your experiences and perspectives?

SUMMARY

Clear sight lines between everyday tasks and strategic initiatives connect work at the individual level with the organization's strategic goals. For organizations operating in multiple markets, a common framework of questions helps ensure consistency in decision-making and flexibility in adapting to local needs.

DENNIS JOLLEY *(UW Health)*: We have our strategic priorities, but we recognize that a lot of our staff are not working on those strategic priorities. So we identify what we call our foundational competencies that can drive every department's work. The opportunity there is to say, "Your work matters. No matter what you do, everything matters." Then, we try to tie those foundational competencies as well as our strategic initiatives to work at the individual level.

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ALLISON VANCE *(Regional One Health)*: Our employees have wanted a new facility for a really long time, and that's something we've been talking about. And you've got to be able to operate in what you have while you plan for that. We recently received $350 million from our county to start the process of building a new facility, and we're working on securing the rest of the funding, and it's all centered on our vision of becoming a premier academic medical center. So we've tied our standards of behavior to that vision, with a focus on how these behaviors help us achieve our goals.

We also have organization dashboards that we use to push out daily, weekly, monthly, and quarterly information to our employees. We also share our Leapfrog scores. Seeing the letter grades improve is really encouraging for our team. It helps everybody not only stay on track when it comes to performance around key metrics, but also be energized by our performance.

CHRISTOPHER KANE *(Phoebe Putney Health System)*: We've declared this fiscal year to be the year of the workforce, so we're doing some basic things for our 5,000 employees. We gave everyone an hour of training on superior service to try to move the needle on culture and patient satisfaction. We also modified our authorization levels to help managers secure the equipment they need, when they need it. We're training employees on performance improvement practices.

AMANDA TRASK (*CommonSpirit Health)*: Engaging our physicians and clinicians in service line leadership is key for us. By providing a seat at the table and ensuring that their voices are heard, we are able to extend engagement across wide geographies. Further, this process makes it super simple for each individual to understand how they contribute to our strategy. I do think in some ways COVID helped us with engagement. When we had to get personal protective equipment on everyone overnight and critical care equipment in place, our physicians and clinicians acted overnight to engage with our system. Ever since then, I've found more and more physicians and clinicians are taking an interest in, "What can I do to contribute to the betterment of the care we provide our communities?" We try to drill down beyond senior leadership to the those at the front line —especially our patient-facing team members—since their actions make a difference locally in improving outcomes. We also look for ways to remove unnecessary work from our front-line team members, while also allowing some input and variation by facility. Our mantra is that strategy is local and at the same time we're asking what could be more efficient and effective if centralized or central-led, and what would not.

STEVE LINEBERRY *(Corewell Health)*: On a regional basis, we allow for the flexibility to operate. We've had to be extraordinarily deliberate in determining who leads these efforts and what the scope of their leadership should be.

DENNIS JOLLEY *(UW Health)*: For us it's about having a common framework—a common set of questions for each market to be able to determine their priorities back. Each market can kind of say, "This is what we view as our anchor programs and where we want to grow. These are the specialties we want to grow and why." All of the markets use the same framework to ask those questions, so that even though strategies are individual to the market, we're all approaching the decision-making process in the same way.

LISETTE HUDSON *(Community Hospital Corporation)*: We have a similar situation. Our hospitals are all over the country, so we're definitely not asking them all to do the same things, but when they share their plans with us, we can evaluate and assist them with these efforts when we're getting the same information, the same details, the same data analysis from all of our facilities. When two hospitals have a similar focus, we'll consider: What are the commonalities? What are the stumbling blocks? What are the things they've found that work well? Which vendors might be a good fit—and which ones might not? We've found that by ensuring our hospitals share common consistent information with us at the corporate office, we are much better able to provide. Defining a common framework for evaluation and discussion positions us to continually advance.

MODERATOR: How are you engaging your boards differently? What's worked and what hasn't? And, are you setting different expectations for your board members as well—for example, around the degree to which they play an active role in helping to set the strategy for the organization and helping you achieve it?

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SUMMARY

Emphasizing a few key metrics helps focus board members on the issues that matter and leaves more time to discuss strategy and options. Organizations also are emphasizing board education to help board members understand key issues and prepare for the challenges coming down the road.

CHRISTOPHER KANE (Phoebe Putney Health System): We've focused on minimizing the number of metrics we report to our boards. It was just overwhelming to them. Their directive to us was to stop the "show and tell" and talk about what some challenges are. Today, our board meetings are more about strategy and discussion around options rather than just rote dashboards and snapshots.

LISETTE HUDSON *(Community Hospital Corporation)*: For us, board education is crucial. We make sure we're sharing what's pertinent, what the board should be thinking about, whether it's IT or revenue cycle or managed care or quality of care. We educate them on the types of challenges that will likely be coming down the road, and we tailor that education according to their needs.

DAVE STEPHENS *(Hackensack Meridian Health)*: In addition to the usual cadence of board sessions and committee work, we have an annual two-day board summit for all the board members, leaders, and physician partners. It is a major commitment of time and resources for all, but leads to great insights, workgroup discussions, and shared vision. We have national speakers that help set the stage and we focus on specific deep-dive topics over the two days. We are fortunate to have a board with great strategic perspective. This event really helps to align the board and leadership vision. Everyone leaves with a strong focus and energy.

CHRISTOPHER KANE *(Phoebe Putney Health System)*: It seems like the challenge now is helping them understand that making a margin involves a patchwork of activities. It's one thing for a board to come on and understand, "OK, we have charges, we have contractual allowances, and we operate on a minuscule margin." Now, factor in 340B. In Georgia, we have a safety net program called Georgia Strong that affords additional funding for our mission. The board may understand revenue based on their business experience. Now we're throwing all these new terms in, and they're not always simple to understand. There's no way to offset that; it's just the nature of the environment. But you find your finance report has nuances that it did not have a year ago.

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MODERATOR: What are the biggest things that are keeping you up at night right now?

SUMMARY

Ensuring the right mix of services, making the right investments for future needs, and helping leadership make the right decisions—all in a time of more limited resources—are key concerns.

DAVE STEPHENS *(Hackensack Meridian Health)*: We are in such a dynamic time of change for health systems. More than ever, we need to balance the large-scale investments in access models, workforce, strategic capabilities such as virtual, remote patient monitoring (RPM), and digital capabilities all against the backdrop of more limited capital. It requires executing with strategic and operational discipline. But it also requires thinking outside of the box on building those capabilities, including through partnerships—both regional and national. We continue to focus on this accelerating cycle of big ideas and focused execution.

LISETTE HUDSON *(Community Hospital Corporation)*: On the hospital side, we've had some really struggling hospitals and some where we've had to close the OB unit. Those are such difficult decisions, and it gets to feel so personal at times with those communities. What keeps me up at night comes down to: "Have we left the right mix of services there?" We want to make sure we're preserving care for as many community members as we can, even though that may look different by location.

ALLISON VANCE *(Regional One Health)*: For me, from a planning perspective, it really comes down to, "Are we achieving the outcomes we intended—and if we're not, are leaders able to make decisions that allow us to pivot?" That's the big one for me. We all have lofty goals and things we're trying to do, and we're operating with tight margins and a shrinking workforce and a host of other challenges. Making sure that we have the right metrics to capture performance and the agility to make changes, when needed, to achieve our goals is crucial.

CHRISTOPHER KANE *(Phoebe Putney Health System)*: I wish every single team member understood the correlation between investment and financing. So that if someone says, "We need more nurses," you say, "OK, that's the investment. Now, how are you going to finance it?" That's critical to understand whether you're clinical or nonclinical because we're operating in such a fragile industry.

STEVE LINEBERRY *(Corewell Health)*: Especially in this economic environment, all health systems' margins are squeezed right now, and that's even forcing us to take a more acute look at everything. For leaders, one of the biggest challenges lies in being able to tee up complex issues in a way that's simple and allows the senior leadership team and the board to make the right choices. Like Dave said, strategy is about choices. Making sure that we anchor around the right things and make the right choices for now and for later has never been more important.

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