The new strategic plan—why nimble execution requires agility and analytics

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Gone are the days of linear strategic planning and static annual budgets. In the evolving health care industry, value-driven strategy is needed more than ever to help organizations understand their current situation and identify future opportunities. The traditional, five-year plan simply cannot support the agility today’s health care organizations demand.

In our dynamic market, agility means more planning than ever before, with key stakeholder input, data from across the continuum, ongoing performance measurement, and contingency plans to address potential market disruption. Agility requires both insight and foresight, based on a deep understanding of where the organization is and where it needs to go.

The agile approach to strategic planning

Agile strategic planning is a combination of traditional planning elements, such as vision and goals. However, agile planning shapes that vision by analyzing vast amounts of market and organizational data. It then establishes short-term goals based on best practices and implements them via ongoing tactical initiatives that can be initiated, terminated or modified as new insight and new market forces dictate.

Agile strategic planning includes four elements:
1. Create your strategy
2. Develop your plan
3. Connect your data
4. Monitor your progress
1. Create your strategy

Agile planning combines sophisticated data analytics and innovative tools to give your organization deep insight into your current performance, both internally and externally within your markets. This insight, in turn, informs the strategies that determine your future market positioning.

- **Organizational assessment:** Takes into consideration your system footprint, physician alignment and ambulatory market share. Questions to ask include: Where are our growth opportunities? Are they appropriate and sustainable? Are we good at providing those services?

- **Market assessment:** Your organization must understand growth opportunities within the market, and how they compare in terms of performance, opportunities and competition. You must include more ambulatory data in the analysis as your organization’s portfolio and opportunities shift.

- **Strategy formulation and prioritization:** You must consider which strategies are most appropriate for your organization, given market dynamics and your organizational assessment. Prioritizing service offerings, growth initiatives, and overall strategic goals should include service line development and disease-based offerings. The planning process must also anticipate possible disrupters and development of nimble contingency strategies.

2. Develop your plan

When it’s time to actually shape your plan, consider the following:

- **With strategic goals, less is more.** Establishing goals is easy. Acting on them is the hard part. Focusing on a small number of goals (five to 10 is ideal) increases the likelihood of success.

- **Focus on high-leverage opportunities.** Effective strategic goals concentrate on high-leverage opportunities, because pursuing the right things allows you to achieve goals faster.

- **Be evolutionary and revolutionary.** You achieve incremental, evolutionary goals through continuous improvement. Breakthrough revolutionary goals move organizations into greater innovation and creativity. Organizations need both.

- **Measure for accountability.** Nothing gets done unless someone is assigned to do it. Link executives to goals; link initiatives and tactics to departments and units. The result? Horizontal responsibility for support and oversight removes roadblocks and streamlines progress. Vertical responsibility drives execution, with each initiative or tactic contributing positively to the achievement of at least one strategic goal and impacting at least one key performance measure.

In a distributed organization, once the plan is complete and everyone knows the vision and steps required to achieve it, the planning committee’s work is done. In agile planning, the plan is always a work in progress—continuously managed and revisited to monitor progress.

3. Connect your data

Performance improvement and accurate forecasting start with deep visibility into current organizational and market performance.

To understand the current state, your organization needs robust clinical and business analytics tools and a shared data platform that connects utilization and supply costs to clinical outcomes at the service line, physician, and patient levels. The result is a granular, current-state view that will help your organization improve performance on all fronts.

- **Operationally** by standardizing procurement and measuring compliance on utilization initiatives to realize cost savings faster

- **Financially** by linking outcomes to resource choices, helping clinicians identify and support opportunities to reduce supply chain and pharmacy costs
Feedback frequency varies by organizational level as follows:

- **Daily progress evaluation** on the front lines—where activities and outcomes occur constantly and quickly—is critical for prompt process adjustments that improve patient care. Staff and supervisors should meet for 10 to 15 minutes daily to discuss how they performed against yesterday’s goals, what problems need to be resolved, and what they need to accomplish in the future.

- **Weekly department walk-throughs** allow leaders to observe front-line staff where they work, which allows leaders to address issues before they escalate into problems. This also helps maintain baseline performance levels, which provide the foundation for future improvements.

- **Monthly department walk-throughs** are enough for senior leaders, who typically oversee a much wider swath of the organization. Senior leaders can observe activities and coach as needed. With front-line and middle management daily processes under control, senior leaders can focus on longer-term, strategic issues.

Progress checkpoints and reviews at each organizational level create opportunities to adjust tactics and their associated operational details, as well as reallocate resources if necessary to ensure the right work is being done to address key priorities.

### The age of agility

The formula for agile strategic planning? Sophisticated clinical and business analytics used to monitor and manage today’s operational performance—plus advanced tools and innovative methodologies to forecast tomorrow’s potential.

In an evolving industry, agile strategic planning is an effective way to manage your health care organization. In an industry evolving at the speed that health care is, agile planning is the only way to ensure your organization is around to be managed in the future.
Biographies

Dan Piro  
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As the president of Vizient Advisory Solutions since 2010, Piro is responsible for overseeing the delivery of quality, cost management, and advisory services to health care organizations across the U.S. He brings more than 30 years of health care industry experience in consulting that includes supporting accounts for orthopedic, cardiovascular and multispecialty product lines. Previously, Piro was president, Advisory Solutions for MedAssets, and a consultant with LBA Healthcare Consulting and Price Waterhouse's Healthcare Management Consulting Services. There he was responsible for the development of information technology system plans for multihospital systems. He earned a Bachelor of Science degree in accounting from Metropolitan State University of Denver.

Bill Woodson  
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Woodson is senior vice president and a national thought leader for Sg2, a Vizient Company. He and his team are helping more than 1,200 health care systems prepare for the future of health care, including market evolution, care delivery innovation, and physician-hospital alignment. With more than 20 years of experience in strategic planning, market forecasting, system development, and public policy, Mr. Woodson is a frequent industry speaker on the future of health care. Before joining Sg2, he worked for Solucient (now Thomson Reuters), managing the company's strategic planning products, and PricewaterhouseCoopers' health care consulting practice. He began his career as a legislative assistant to California Congressman Bill Lowery focusing on health care policy. Woodson holds a Master of Business Administration from the Kellogg Graduate School of Management at Northwestern University and his Bachelor of Arts degree from Yale University.

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