

Overview of Strategic Planning

The environment in which organizations and programs providing services to children with special health care needs operate is characterized by continuous change. Major forces of change include advances in genetics and biotechnology, rising health care costs, and empowered consumers expecting increased participation in health care and access to new treatments and interventions. Pressure for greater accountability and evidence-based practice in health care is also increasing. These forces will likely continue a systemic trend toward ambulatory, outpatient, and post-acute care as well as new models of service delivery with Internet and e-health featured prominently as effective mechanisms of outreach and knowledge transfer.

These and other future changes pose major planning challenges for health care organizations and programs providing services for children with special health care needs. How can health care leaders (health administrators and clinicians) deal with the emerging external forces that will shape the climate in which their organizations and programs operate? Dealing with rapid, complex, often discontinuous change requires leadership and management tools to cope with the ever-changing environment. Hence, a process is needed to renew the organization, revamp products and services, change strategies, policies, rules, and procedures, and reconsider the mission, vision and values. Strategic planning has become the health care leaders' primary tool to anticipate and cope with various external forces and position and adapt their organizations to take advantage of emerging opportunities while avoiding external threats so their organization can survive and grow.

Strategic Planning Definition

Strategic planning is the organizational process for identifying the desired future and developing decision guidelines regarding how the organization will logically and consistently relate to its external environment over time. Thus, the result of the strategic planning process is a plan or strategy. The term strategy has three related meanings. First, strategy is viewed as a pattern for decisions concerning the positioning of the organization within its environment. Strategy also may be viewed as the "behavior" of the organization. Consistency of behavior is "driven" by common organizational purposes, values, and goals. Extensive analysis of external forces shapes these values and goals that will influence organizational behavior and suggest "what the organization should do." Strategic behavior is additionally influenced by the internal capabilities of the organization and represents "what the organization can do." Finally, these values and goals often result from considerable analysis by organizational leaders and indicate "what the organization wants to do" in light of environmental opportunities and threats and organizational strengths and weaknesses.

Strategic Planning Process

Strategic planning is comprised of a set of steps for the organization's leadership to review together and confirm/revise its mission and vision, reach consensus on the desired future of the organization, and develop decision rules to achieve that future. Basic components of the strategic planning decision process include: 1) situational analysis, 2) strategy formulation, and 3) planning implementation of the strategy.

Situation Analysis

Analyzing and understanding the situation is accomplished by three separate strategic thinking activities: 1) external environmental analysis, 2) internal environmental analysis, and 3) directional strategies. The interaction and results of these activities form the bases for development of strategy. First, situational analysis means obtaining current information on the external climate, analyzing these data and sensing emerging changes in the future external climate, then assessing implications of these trends for the health care industry and the organization. The external environmental analysis will suggest "what the organization should do." Strategy is also influenced by internal resources, competencies, and capabilities of the organization and represents "what the organization can do." Finally, strategy is driven by the organization's directional strategies. Directional strategies include the "mission" statement describing the organization's purpose. The mission statement defines the organization's overarching purpose and shared values that will guide the organization's members in performing their work to fulfill its purpose. Also, the mission communicates the essence of the organization to people inside and outside the organization. Whereas the mission statement summarizes the what, how, and why of the organization's work, "vision" defines a gap between the present and some future state and what success will look like. Directional strategies indicate "what the organization wants to do." Together, these forces are essential input to strategy formulation. These components of the situation analysis are not mutually exclusive but overlap, interact with, and influence one another.

Strategy Formulation

Whereas situational analysis involves extensive gathering, classifying, analyzing, and understanding of information; strategy formulation involves decision making that uses situational knowledge to reaffirm or adapt the organization's mission and vision as well as makes choices regarding components of the strategy that will define "how" they will achieve their mission and vision. Other components of strategy represent choices regarding: 1) Markets or population groups it will target and how the organization will reach the targeted populations. 2) Products/services/solutions the organization will offer. 3) How the organization positions or differentiates its product and/or service offerings in the market. 4) How the organization designs and manages its clinical/business processes across the value chain. The value chain is comprised of the core processes that encompass the patient value-adding work of the organization. 5) How the organization configures its resources. 5) Activities in the value chain the organization will perform

itself and activities it will outsource to outside partners. 6) How the organization will capture retained earnings or profits.

Strategy Implementation

The strategic formulation planning process defines where the organization wants to go; the implementation plan defines who (people) is going to get the organization there and the implementation path for the people. Strategy implementation involves putting the strategies to work by engaging the organization's people in setting implementation goals, objectives, action steps, and outcome measures that link the strategic process to the organization's operating processes. The implementation plan centers on developing action plans, including necessary activity and resource trade-offs between short-term objectives and long-term goals, and assigning people. Finally, the implementation plan should include agreement and accountability from all participants, establishing follow-through measures to make sure people are meeting their commitments to bring the strategy to fruition.