



Value Analysis & Standardization:

Systematic steps to support system-wide change

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STRATEGIC PLANNING

Greetings from Carol Stone

This issue of the newsletter focuses on strategic planning. As many of you may be all too aware, it's a process no longer relegated to top management only. Every one of us is called upon to think forward every day. How well we are able to translate those thoughts into a strategic plan is the topic of this issue.

Inside you'll find a definition of what strategic planning is, as well as what it is not. You'll also find a list of steps that can help guide you through the process, something I think you'll find helpful for the novice as well as the seasoned planner. In addition, we've included an interview with Paul Corish of Vassar Brothers Medical Center in upstate New York, who also talks about how he uses strategic planning on the job as Director of Surgical Services.

As someone who has been involved with strategic planning for many years, I think I can safely say that you'll find this issue both helpful and educational. As always, if you know someone who would like to receive our newsletter, please email me at carol.stone@crbard.com and we'll add them to our mailing list.

Carol Stone
Vice President, Corporate Marketing
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STRATEGIC PLANNING:

THEORETICAL PERSPECTIVE

The process of management involves looking ahead. Good managers are able to assess the future and make provisions for it. Planning, the first of the four basic managerial functions, is how this responsibility is carried out. (Schermerhorn, *Management for Productivity*)

There are many types of planning, usually differentiated by the scope or time frame of the plan to be effected. Strategic plans, for example, are comprehensive in scope and reflect the long-term, although they will contain action items, otherwise known as the “to do’s.” Strategic plans are not to be confused with operational or tactical plans, which are more limited in scope and deal with the activities and resources needed to implement elements of strategic plans.

Strategic planning, then, is the process of creating the formalized road map that describes how an organization executes its chosen strategy. It enables

an organization to shape and guide its overall business objectives by creating a framework for developing, adapting, and aligning organizational vision, mission, and goals. It does this through systematically addressing three basic questions:

- *Where are we now?*
- *Where are we going?*
- *How will we get there?*

According to Schermerhorn, strategic planning, put simply, is the process of setting objectives and deciding what should be done in order to achieve them. It is:

- *Forward Thinking*
- *Decision Making*
- *Goal Oriented*

and sets the stage for further managerial efforts at organizing, leading, and controlling or monitoring. Planning creates a performance-oriented sense of direction. It helps managers focus on objectives, set priorities, identify and allocate organizational resources, cope with contingencies, clarify expectations, and evaluate results.

Planning is an extension of the problem-solving process and like problem-solving, it can be divided into a series of steps. For strategic planning, these are:

- Step 1:** Identifying organizational and department objectives
- Step 2:** Determining where things stand relative to the objectives
- Step 3:** Formulating the strategic plan by identifying and choosing from alternative courses of action
- Step 4:** Implementing the plan
- Step 5:** Evaluating results and renewing the process as necessary

While planning for the future is a task that must originate and be led from the top, full success depends on enlisting committed contributions from all levels of the team. To be effective, a strategic plan must be constructed and owned by the people who will execute it, namely line and staff. ❖

STRATEGIC PLANNING:

PRACTICAL PERSPECTIVE

A good strategic plan is a set of directions you want to take. It's a road map, lightly filled in, so that it gives you plenty of room to maneuver. You get specific when you're deciding the action part of the plan, where you link it with people and operations. (Bossidy and Charan, *Execution: The Discipline of Getting Things Done*)

To be effective, each facility, as well as each business unit and function, should have a strategic plan that supports the

organization's mission. It doesn't have to be long. While the objective of strategic planning is to produce an essential working document, the process of developing it is practically 100 percent of its value. Therefore, you should make strategic planning a bottom-up activity, involving as many members on your team as possible. This not only gets everyone focused and thinking forward, it also increases understanding and buy-in, as well as solid grounding in a valuable business process.

According to Bossidy and Charan, a contemporary strategic plan must be an action plan that business leaders can rely on to reach their business objectives. Developing such a plan starts with identifying and defining the critical issues behind the strategy. The idea is to link your strategic plan's specifics to your operating plan so that the moving multiple parts of the organization are aligned to get you where you want to go.

Strategic planning is a cyclical process with a number of well-defined steps. It begins by getting ready: identifying the issues, clarifying roles, and forming a planning committee. Communication is key. Be sure that all participants are familiar with the mission, vision, values, goals, and objectives of the parent organization before starting. That done, author Erica Olsen suggests the following steps:

1. Mission Statement

Draft one, using that of your organization as a guide. For example, the mission of your organization may be “to provide the cutting-edge health care at the lowest cost in the region.” Yours as a Value Analysis professional might be “to provide cutting-edge materials of the highest quality for the best price.”

2. Vision Statement

This is a picture of what your organization will look like in the future. For example, “we will be the healthcare provider of choice in our region.” Yours might be “we will be the center of excellence for value assessment in our hospital system.”

3. Values Statement

This clarifies what you believe in. One hospital system, for example, uses the acronym “SPIRIT” (Service, Patient-first, Integrity, Respect, Innovation, Teamwork) to elucidate its values.

4. SWOT Assessment

This is an analysis of your strengths, weaknesses, opportunities, and threats. For example, your strengths might include your team’s analytical skills, network of suppliers, or administrative support. An opportunity might be your system’s decision to expand into a specialty area such as orthopedics. Threats could be issues such as reimbursement, competition, staff, or training. *This is a critical analysis because it helps you understand what goals you can realistically achieve.*

5. Competitive Advantage

What do you do best – as an organization and as a unit? For example, yours might be your ability to combine the purchasing volume of multiple facilities to achieve the best pricing.

6. Strategic Objectives

These are the long-term, strategic activities that you need to perform in order to achieve your vision. For example, “train all team members in the tools and processes of Value Analysis theory and its practical applications.”

7. Strategies

Match your strengths with the already identified opportunities. This is the time for brainstorming. Consider all options using the SMART system of measurement. That is, make sure they are Specific, Measurable, Attainable, Relevant, and Time-specific. Use all resources. For example, if looking at new technology, coordinate with the current GPO to implement a new technology assessment model.

8. Short-term Goals/Priorities

What are the top 1-3 year goals that will lead you to your strategic objective? (Clearly state what, when, how, and who is involved – and how they will be measured.) For example, if your goal is to reduce total supply spending by a set figure, you will need to look at the supply spending of each service line and assign a specific savings to each line’s team.

9. Action Items

This is where you connect goals with people, deadlines, and costs. For every short-term goal, list – by priority – the action, the person or department responsible, start and end dates, estimated expense, progress, or current status. Say, for example, that you need a task force to look at specific Neonatal and Infant Critical Care Unit (NICCU) products. You might develop internal leads by asking each facility if they feel the need (or want to participate) as not

all facilities in your system may have a NICCU department. Then, when meeting with your thus-identified volunteer committee, use the resulting minutes to list and confirm action items, time-frames, and responsible parties.

10. Scorecard

Identify the key performance measures that you can use to track your progress. For this, some Value Analysis professionals find it useful to issue a “dashboard,” that is, a one-page executive summary-style document – often color-coded – to show progress. A more detailed savings tracking tool documenting all initiatives and savings might be used to communicate progress on a monthly basis. Be sure to meet once a quarter with the entire team to check milestones needed.

11. Financial Assessment

Estimate the costs of implementing each item. This takes into consideration all factors, including new vs. existing contracts, vendors, price points, quality, and implementation. For example, if this is a new technology, how will it be reimbursed? What about logistics and the cost of installation? What about payback? And training?

12. Communicate!

Share appropriate versions of the final document with all relevant staff, team members, and stakeholders, including physicians and vendors. For example, you might want to meet with your Material Management Director at the corporate office so they can see how their work applies to your work.

Management guru Tom Peters would also add another step: wad up the completed document and throw it away! A strategic plan is a living document, built for a dynamic environment. Be willing to revisit, revise, adapt, and change. Your role now is to coach and track your plan to fruition – and the next planning cycle. ❖

Develop Your PLANNING SKILLS

You may be more in your comfort zone with detail work and less comfortable with strategic thinking. It's natural to concentrate energy where you feel most competent; however, this also limits your contribution. Consider which aspects of your job are a stretch and be clear about your development needs. *Your goal is to become comfortable with knowing what you don't know – then using this knowledge to grow.*

First, analyze your company's strategic direction to keep your strategy in alignment. Then, meet with your boss to clarify expectations and to brainstorm, if needed. Find a mentor whose strategic-thinking skills you admire and ask for help. Most people are honored to be asked and would be willing to work with you. Finally, don't procrastinate. When you're facing a challenge, the feeling that your work isn't good enough could stop your momentum. Get something outlined and get feedback, if only to break through your initial anxiety. (*Reyer; Star Tribune*)

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The Major Parts of a **STRATEGIC PLAN**

- Mission Statement
- Vision Statement
- Values Statement
- SWOT Assessment (strengths/weaknesses/opportunities/threats)
- Competitive Advantage
- Strategic Objectives
- Strategies
- Short-term Goals/Priorities
- Action Items
- Performance Measures
- Financial Assessment

VA People *Viewpoint*

Meet Paul Corish



A product of upstate New York, Paul Corish grew up in a small town near Poughkeepsie, in the Hudson River Valley. His mother was a nurse, his father a quality and facilities manager at IBM. Today the

Director of Surgical Services at Vassar Brothers Medical Center in Poughkeepsie, NY, Corish began his career there as an orderly, earning a scholarship to obtain his Diploma of Nursing at the Hudson River School of Nursing. After a brief stint in Syracuse, he returned to the valley as a member of the cardiothoracic surgical team – and later head nurse – at Westchester Medical Center in Valhalla, NY. During that time he received his BS from The University of the State of New York, Albany. He also served in the US Army Reserves, attaining the rank of captain. A decade later, he returned to Vassar as Nurse Manager, charged with running the OR, managing the construction of 11 new suites, and implementing the cardiothoracic surgery program. In 2003, he was awarded his Master of Science degree in Health Services Management from New School University in NYC. He is also a member of the *Value Analysis* newsletter editorial board.

Q: What drew you to the healthcare field?

A: It kind of happened to me. Looking back, I guess I was always involved in some manner of health care. I was a member of our volunteer rescue squad. I worked summers in a nursing home. My Eagle Scout project was a study of the water quality in a local creek. My mom was inspirational; she was an RN and got me started, in fact got me my first job out of high school as an orderly at Vassar. It was two colleagues there, one now a doctor and the other my nursing supervisor who said, “You have talent; you should go to nursing school.” I was looking for a career. This seemed right.

Q: How did you transition to Value Analysis and/or your current job?

A: This was also an evolution. Westchester had an active Value Analysis program, which I had some

dealings with, but when I returned to Vassar to run the OR, there was no committee as such. This was 8 or 9 years ago. By chance, I happened to see a news article about problems with a product we were evaluating for use in surgery. When I brought it to the attention of administrators, we realized we had no policy regarding what products were used at our facility. Product purchases were made via physician preferences, not by evaluating the evidence-based data. This led to the formation of the Value Analysis function.

Today, Value Analysis is part of my job and I chair that committee. We’re a lot more advanced now, meeting monthly with representatives from most of the hospital functions to review products and practices to ensure safe and effective patient care.

Q: What challenges have you faced over the course of your career?

A: Developing and maintaining collegial and trusting relationships with vendors. Vendors are essential to us but we both have jobs to do. They have to be willing to work with me openly and honestly. If they show that they have our best interest at heart, then I regard them as valuable partners and treat them as such.

Q: How did you prepare for your current position?

A: At a certain point in my career, I knew that my future lay in management – and I needed that background in order to progress. That’s when I began working on my Masters of Science degree in Health Services Management at the New School in New York City. It’s a program specifically designed for nurses moving into management – a perfect fit for me. In addition, I had some outstanding mentors, a role I’ve taken on myself over the years and found very rewarding.

Q: What role does strategic planning play in your duties?

A: Essentially, strategic planning is all I do; it’s my basic duty and it must support the strategic plan for the hospital which is established at the executive level.

Continued on back.

For example, one of our hospital's goals is to be the dominant healthcare facility in the region. As such, part of the strategic plan for achieving this is to expand our capabilities in neuroscience. My job is to sit down and develop the strategic and tactical plans to support this plan and then work with my colleagues to make them operational.

Q: Could you please give an example of how strategic planning was critical to getting a project completed?

A: A good example was our recent evaluation and purchase of a new product. I have to admit that I wasn't sure it was a good fit for us, but administration was enthusiastic. In fact, it was part of their strategic plan for the hospital, part of providing the best health care in the region. Therefore, it became part of my strategic plan. I went through the process; sat with finance, vendors, various committees; figured out its value to the patient and the hospital, payback, training, rollout; then developed timelines to make it all operational. Along the way, I became convinced of its value; that it could lower length of stay and improve outcomes.

Q: What recommendations do you have for someone without strategic planning experience?

A: If you've never done any strategic planning before, ask for a quick course from your Planning Department, CFO, or someone he or she recommends. Meanwhile, develop your understanding of your organization; for example, ask your Managed Care Director things like, "How do you bill for this?" Seek out your internal experts and elicit their help. You'll get more bang for the buck than you'll ever get from a book. ♦

The Process in a Nutshell

- **Get ready** by identifying issues, clarifying roles, forming a planning committee, and determining the info you will need
- **Articulate** mission and vision
- **Review** your strategic position
- **Agree** on priorities
- **Organize** the plan
- **Identify** next actions
- **Roll out** the plan
- **Hold everyone** accountable

(Olsen, Strategic Planning for Dummies)

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Sources used for this issue include:

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In addition to the many books available on the subject, a number of organizations offer training courses on strategic planning. Check out these:

American Management Association, www.amanet.org/seminars
Learning Tree International, www.learningtree.com