

# STRATEGIC PLANNING IN THE “NEW, NEW NORMAL”

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The past two and a half years have consumed health systems with urgent operational priorities. As the acute impacts of the COVID pandemic began to subside, health systems turned their focus to managing one of the worst financial years in recent history. This necessarily intense focus on short-term priorities compromised strategic planners ability to anticipate, align and plan for the future. Strategic planning executives we work with have stressed three challenges that have intensified in the current environment and provided their solutions to these challenges.



## I. THE CHALLENGES

### 1 The Planning Horizon (If There is One) Has Become Exceptionally Short

The recent intense operational focus reduced health systems' comfort with long-range planning, but the need remains as critical as ever. The new imperative is to rebalance short and long-term focus by challenging leadership to realize that the Covid crisis has subsided and financial pressures are always a reality. Health Systems realize the need to refocus on a longer-term vision, but they are struggling to move in that direction.

*"Long-term planning is like two weeks from now..." –CSO, regional system in California*

*"My peers think, 'great idea, but you aren't dealing with reality'..." –SVP Brand & Strategy, northeastern regional community hospital system*

*"Right now, it's hard to look at the investments with longer paybacks or those that 'disrupt' ourselves and diminish our core business" –VP of Strategy & Growth, northeastern AMC system*

### 2 The Line Between Strategy and Operations Has Changed

Strategic plans must be implemented through operations and yet they are failing to seem relevant to operators. They need to be clear on what outcomes are required operationally and what capabilities need to be developed to be successful in the envisioned future. Strategic planning has never been successful when operations become divorced from strategic development. At the same time, a strategy needs to focus the organization on the future, and not just on surviving today's challenges.

*"I wish the team would appreciate that I'm trying to run an AMC here and that is a tremendous challenge." – COO, Midwestern AMC system*

*"Excellence in operations is a strategy too." –VP of Strategy, northeastern AMC system*

*"I find we've always needed to 'sell' the value of strategy to the operators." –Director of Strategic Planning, west coast state-funded health system*

*"As a general matter, in this unprecedented environment, the line between strategy and operations has changed." –CSO, northeastern regional health system*

### 3 Strategic Plans are Either Too Lofty & Broad or Too Tactical

Strategies that fail to address both the longer-term strategic imperatives and the core operational realities of a business feel disconnected and fail to attract financial and human resources. Leaders need plans that can be executed in the current business model with clear metrics and accountability. And they need a path to a future that can survive contact with the harsh realities of system resources and our payment and delivery system.

“We’ve never really had a 5-year strategic plan: it’s mostly an annual plan with operational metrics like access, quality, employee satisfaction. A lack of a broader plan makes it hard to prioritize resources.” –*Director of Strategic Planning, west coast state-funded health system*

“Previously most of our system-level strategic plans have been very ‘poetic,’ but not detailed or actionable.” –*SVP of Strategy, northeastern AMC system*

“We can’t really get the executive’s attention for the 1–2-year stuff: it’s either about current margin performance or long-range transformational change.” –*VP Strategy, national healthcare system*

## II. A FRAMEWORK FOR SUCCESSFUL PLANNING IN THE “NEW, NEW NORMAL”

Our strategic planning executive colleagues around the country offered many recommendations for balancing long-term strategic planning and short-term operational demands, which we organized into the following framework:



## RECOMMENDATIONS

### 1 Clarity: Have a Point of View on the Future and Your Aspiration

**Realize that no hospital/health system can be everything to everyone and be clear on what you will be and what you will say no to.**

All elements of good strategy depend on having an agreed vision of the future environment and the system’s role in that future. And yet, systems are often reluctant to define expectations on either dimension. The result is strategic plans that are overly broad and read like a catalog of all potential futures and in which the system meets all needs. The unexpected impacts of COVID have shown the limitations of pretending that there is certainty about the future environment, and yet, without the courage to describe the systems’ best guess about the future and the role the system will play, there is no ability to focus resources.

“Even in ‘turnaround mode,’ you need to have a vision of where the market is going and where you want to be.” –*CSO, southern faith-based regional system*

“Things will not go back to the way they were before—so you MUST spend time thinking about transformation.”  
–SVP of Strategy, northeastern AMC system

“... ‘strategies’ that involve shrinking/reducing will not make sense in the long term. We need to prioritize investments with an eye toward strategic growth and alignment, not just eliminating services.” –CSO, regional system in California

## 2 Focus: Stay Focused on the Big Issues and Bets and Be Willing to Prioritize

**Embrace dual transformation: Improve/grow the core and concurrently identify alternative sources for revenue/margin diversification.**

Executing one major strategic change is an all-consuming effort. Systems that choose a dozen transformational priorities are doomed to fail. And yet we are pushed to do just that. Partnerships can create bandwidth to execute faster, but systems must remain focused on a small list of major bets.

“It’s hard for us to do the innovative/app-based stuff in primary care and other parts of the continuum given our complexity. We should invest in those companies to diversify revenue/margin, and not try to create it ourselves.”  
–SVP of Strategy, northeastern AMC system

“I’d rather have half of something than all of nothing: we need to partner more.” –AVP Strategic Planning, midwestern health system

“History tells a tale about places that double-down on operations at the expense of strategy.” –SVP of Strategy, northeastern AMC system

## 3 Specificity: Ditch the Lofty Language and Have Clear Plans with Goals, Tactics, Metrics, and Accountability

**Create a ten-year vision and aspiration with a three to five-year plan and annual implementation tactics.**

While strategic plans must be inspirational, they also need to provide guidance for the organization and be implemented through operations. And operators are too busy to decipher ambiguous tactics. Plans need to be clear about what is going to be done. As the environment becomes clearer, the strategies and tactics will evolve, but future uncertainty is no excuse for poorly specified actions.

“Strategy needs to have more ROI discipline, and we need to recognize that capital is extraordinarily scarce—and will be for a long time. That influences which strategies are fundable.” –CSO, northeastern regional health system

“Suggest a rolling 3-year vision with tactics & goals re-assessed quarterly internally, annually with the board to confirm we are headed in the right direction.” –SVP Brand & Strategy, northeastern regional community hospital system

“The benefit of a 10-year plan is you can move some strategies to later in the plan without them falling off the plan completely.” –CSO, northeastern regional system

“We can do 3-year strategic plans as long as we also are separately looking at the 10-year vision/disruptive ideas—especially the board.” –System VP of Strategy, northeastern rural health system

“If you have to be focused on the shorter-term tactics, make sure some of them are about growth & strategy—and not all about financial turnaround.” –VP of Strategy & Growth, northeastern AMC system

## 4

### Accountability: Create an Environment in Which the System Can Succeed and Hold Leadership Accountable

**Truly new strategies will require a new operating model: Address this in the planning process.**

Transformational strategies will invariably require changes in the operating model and resource allocations to create an environment that enables success. Determining how the operating model needs to evolve and which capabilities need additional resources must be considered during the strategic planning process to enable success. Otherwise, organizations will not be able to execute effectively.

“You can’t just throw money at things. Need to understand the actual constraints in the system to get improvements.” –*System VP of Strategy, northeastern rural health system*

“I am casting everything we are doing strategically as to how it addresses near-term operational issues...” –*CSO, regional system in California*

“We had to redefine our operating model and add additional resources in our HR function.” –*CSO, Southern Specialty Hospital*

## 5

### Systems: Make Strategy an Ongoing Discipline and Not a One-Time Event

**Maintain a consistent annual approach to refreshing strategic plans: Have an annual process and stick with it.**

Good strategic plans anticipate the future but acknowledge that the future is uncertain. They do their best to determine the most effective tactics but realize that the system will learn through implementation. Adjusting the strategy requires a disciplined and ongoing process to incorporate new insights and course correct as the clinical and competitive environment changes.

“Our long-range strategic planning serves as a way to lift people out of the daily crisis and think about aspirational potential futures.” –*CSO, northeastern regional health system*

“Having a standard annual process—and sticking with it—keeps us focused. We have system goals and scorecards, with each entity in the system having scorecards that align to the system goals. We are trying to standardize our deployment tools too.” –*System VP of Strategy, northeastern rural health system*

“Sometimes, the “imminent danger” can be strategic – and not operational/financial. You must keep a discipline about doing strategic planning.” –*CSO, southern faith-based system*

“Having separate people who can focus on the strategic work versus the operational work has helped.” –*VP Strategy, national healthcare system*

## CONCLUSION

Our clients stressed that their health systems have been in crisis mode for so long, crisis thinking has become the new normal. Now is the time to encourage the executive team to recognize a “new, new normal” and attempt to consciously reframe and say “the Covid crisis is over.” Systems that shift back to a disciplined longer-term perspective quickly can embrace dual transformation, capitalize on the current opportunities, and invest in longer-term strategic initiatives while competitors are distracted by short-term priorities.

## ABOUT THE AUTHORS



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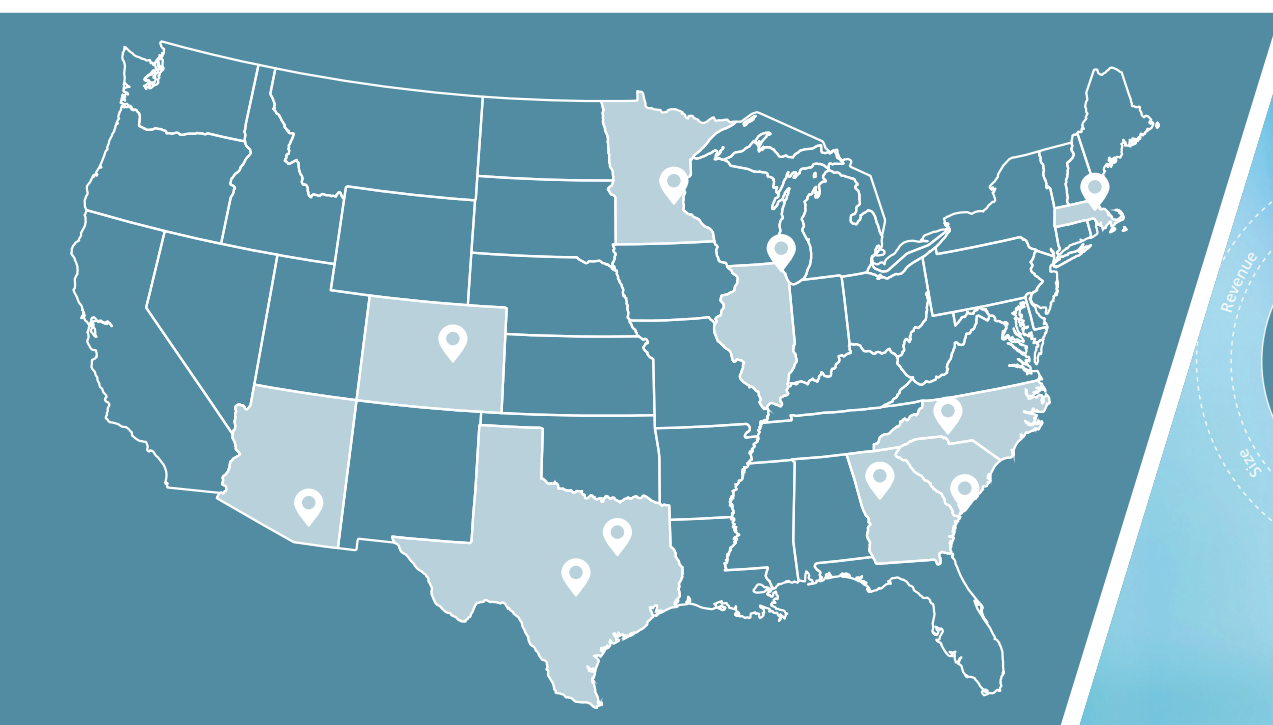
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