Successful Strategic Planning:
The Board's Role

Monograph Series

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The American Hospital Association's Center for Healthcare Governance is a community of board members, executives and thought leaders dedicated to advancing excellence, innovation and accountability in health care governance. The Center offers new and seasoned board members, executive staff and clinical leaders a host of resources designed to progressively build knowledge, skills and competencies tailored to specific leadership roles, environments and needs. For more information visit www.americangovernance.com.

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Overview

This monograph covers the basics of strategic planning, including definitions of common terms, a description of the planning process and the characteristics of successful plans. It describes the board's role in planning, including why plans fail, common weaknesses and how boards can support successful plan implementation.

This publication is adapted from a chapter on strategic planning that originally appeared in *Governance for Health Care Providers.* Throughout, it highlights the unique contributions and perspectives of provider trustees, such as physicians, nurses and other health professionals, and how all trustees can work together to help turn successful plans into action.

The information contained here can be used in a variety of ways: as part of new board member orientation, as preparation for trustees who participate in their organization's strategic planning process and as a resource for trustees who are members of or who desire to chair a board's strategic planning committee. It also can be a valuable resource for a board and leadership retreat focused on identifying strategic issues or setting strategic direction or priorities.

In an era of health care reform, hospitals and boards that understand emerging issues and alternatives and engage in a systematic process to evaluate and plan for their impact are most likely to identify and capitalize on opportunities for success. The information and tools provided in this monograph can help equip hospital boards and leaders to achieve strategic advantage in a changing environment.

Introduction

Articulating the strategic direction for the organization is one of the basic duties of a health care board. In partnership with management, boards can help define the planning process, contribute to the overall scan of the environment, set the priority areas of plan focus, and develop the goals for a successful plan.

This publication describes the basics of the strategic planning process and how the board contributes to its development, enabling all trustees to more effectively engage in the planning dialog. It will also assist trustees in understanding the key attributes of a successful plan and their unique role in contributing to its implementation. By understanding these planning essentials, trustees will more likely be able to reach their full potential to focus organizational strategies to the benefit of the patients and communities they serve.

What Is Strategic Planning?

Two of the key responsibilities of boards are to establish and support the organizational purpose and to provide points of view on what the organization should ultimately achieve in pursuit of that purpose

Strategic planning is an essential component of constructing the road map to the mission and the vision of the organization. Strategic planning is a discipline that enables the board and management to evaluate the present environment, the organization's position within that environment, and then to craft a plan to successfully fulfill the mission of the organization. Strategic planning demands commitments of time and talent from the chief executive officer (CEO), the board, and other stakeholders invested in the process.

Planning Definitions

Before beginning a discussion of the strategic planning process, it is important to become familiar with some basic planning terms and definitions. For purposes of this chapter, the following key terms and characteristics pertain:

VISION statements describe the desired future state of what the organization is attempting to effect beyond itself through its work and purpose.

Characteristics:

- Become a beacon of light that all staff move toward in organizational alignment

- Should be inspiring

- Are clear, challenging, and stand the test of time

    Example: "Hospitals and health care organizations that are trusted and held in high esteem by their communities."[1]

MISSION statements describe the primary work and purpose of an organization.

Characteristics:

- Communicate the organizational purpose and make sure it is designed to say exactly what the organization anticipates it will achieve

- Energize employees and stakeholders alike to pursue common goals

- Should be unique to the organization

- Are fairly broad, but cannot be all things to all people

  Example: "To bring about excellence and accountability in governance by being the valued source, for health care leaders and trustees, of innovative governance thinking, information, tools and content."[1]

VALUE statements describe the core behaviors that guide the organization's relationships with employees, members, and other stakeholders.

Characteristics:
Define how the organization will act, consistent with the mission, in the journey toward its vision.

- Guide managers to hire and promote individuals whose outlook and actions are congruent with the values of the organization

- Reward and recognize those people whose work embodies the values of the organization

  Example: "Integrity … To be credible, reliable and genuine in our relationships and in the development and delivery of information, products and services to hospital leaders and the entire health care community.

  Leadership … To pursue our mission with courage and integrity, always striving to do what is right for patients and communities even in the face of adversity or controversy.

  Diversity … To foster a culture that enables people to grow and learn from each other by respecting, valuing and embracing difference— of people, of backgrounds, of ideas."[2]

GOAL statements are the overarching intended outcomes of the organization.

Characteristics:

- Are general, broad, and fairly abstract

- Are intangible

- Are simply a clearer statement of the vision, but specific to the organization's planning horizon, the time frame during which the plan will be implemented

- May be followed by a descriptor statement that further clarifies the articulated concept

    Example: "Advance a Health Care Delivery System That Improves Health and Health Care" descriptor statement: "To pursue strategies and advocate for models and resources that promote patients and communities receiving the right care, at the right time, in the right place."[2]

STRATEGIES are the action plans that describe the individual steps required to achieve a particular goal.

Characteristics:

- Are the major components necessary to achieve the goal

- Close the gap between the current and desired positions

- Demonstrate a clear and direct relationship in support of the organization's mission

- Should include metrics so progress against strategies can be monitored and, as necessary, corrected

- May be followed by a descriptor statement that further clarifies the articulated concept

    Example: "Improving Quality, Patient Safety and Performance" descriptor statement: "Support hospital efforts to develop systems of patient-centered care as the key to improving efficiency and effectiveness."[2]

PERFORMANCE MEASURES serve two purposes: (1) through a set of clearly defined metrics, mark the organization's progress in implementing the strategies and (2) ensure that the strategies collectively and directly support the mission.

Characteristics:

- Are the specific, tangible deliverables necessary to achieve the strategy

- Are time sensitive

    Example: "To publish and distribute a report based on the findings of a Blue Ribbon Panel of governance experts on the set of competencies for trustees, boards and CEOs building the case for the importance of incorporating these competencies in key board functions by 4th quarter."[1]

What Good Planning Does

Developing a strategic plan requires diligence in designing the planning process, including the assignment of clearly defined roles and responsibilities of the stakeholders charged with developing the plan. The planning process must capture the synergy of various and diverse stakeholder insights and opinions. It should also incorporate time to vet and test their

assumptions about the organization and the environmental forces, as well as to explore future opportunities. A good strategic planning process should equip its leadership to achieve the mission and to move closer to the organization's vision, thus, fulfilling organizational destiny. A key benefit of a well-designed planning process is that it alerts the organization to risks associated with external and internal environmental forces. It also demands that the organization intimately understands and clearly articulates its competitive advantage in the market it serves.

A well-developed plan should succinctly communicate the major goals and strategies necessary to fulfill the organization's mission in pursuit of its vision to multiple and diverse stakeholder audiences. The performance measures serve to define the metrics used to evaluate the successful implementation of the strategies, and therefore, the overall strategic plan.

The strategic plan communicates the work and purpose of the organization, and should be employed to provide the nexus for the organization's operations by guiding those responsibilities and activities in pursuit of the mission. The result is an operating plan that complements the strategic plan and becomes an invaluable management tool to ensure that the operations and the strategic direction of the organization are aligned, and that management and staff are focused on accomplishing the same priorities. The synergy from everyone in the organization pulling together in the same direction to achieve its mission both strategically and operationally cannot be overstated. Moreover, good planning demands continuous work and dialog among management and staff, leading to more highly productive management–staff relationships.

What Planning Is Not

Strategic planning is a discipline, but it should not be viewed as an exact science or mathematical construct. Good planning is not developed in a vacuum or without the invaluable input and perspective of those charged with its implementation. Further, strategic planning must be viewed as a flexible process that both responds to environmental forces, yet remains true in pursuing the affirmed vision, mission, and goals of the organization. Strategic planning is not a substitute for actively managing an organization's operations, but it should be viewed as a tool to ensure operations are focused on achieving the bigger purpose.

Essentially, strategic planning must be a cultural imperative and embraced by those who are charged with its design, development, and implementation. Each stakeholder in the planning process must assume ownership and accountability for his or her respective role and responsibility in the process. This commitment is one that cannot be delegated.

Strategic Planning Process

Founded on the philosophical and cultural commitment from the CEO and board, the organization is prepared to embark on an exciting, meaningful, and purposeful journey in fulfilling its mission and pursuing its vision. The desired outcome is a formal, written strategic plan that clearly and succinctly describes the organization's road map that will be actively employed to guide the organization to its preferred future.

The major components of the strategic planning process that will be described throughout this chapter are development timeline; environmental scan; strengths, weaknesses, opportunities, threats (SWOT) analysis; planning assumptions; strategic framework; strategy development; and financial assumptions and plan.

Development Timeline

To organize the work of developing the strategic plan, the process begins with the development timeline. Strategic planning processes are incremental in nature with each component building on the next. The development timeline is helpful in highlighting the individual steps required to build the plan and in ensuring its timely completion. The timeline communicates the work to be done through the major process milestones, and it identifies the stakeholders responsible for developing the plan. To achieve organization–wide commitment to the process, it is imperative that the timeline also be clearly communicated to the staff charged with implementing its strategies.

Depending on the size of the organization and the complexity of the planning process, the development timeline might appear as a simple one-page Gantt chart (a chart in which horizontal lines illustrate the projected amounts of time involved in completing a particular process or deliverable) or a more detailed, multipage document that describes each step in each phase of the process (i.e., environmental scan, planning assumptions, strategic framework, and so forth) (Figure 1). Most important to the audiences employing the development timeline is its easy-to-use and understandable format. Without a visible timeline that all stakeholders have affirmed, the planning process can be left without focus or defined accountabilities.

Environmental Scan

The first phase of the planning process is the development of an environmental scan. The environmental scan is developed from both primary research and secondary sources and is a compilation of trends and issues occurring in the local market and in the broader health care landscape. It is important for organizations to become intimately aware of what is happening in the markets they serve. This can be done through formal research activities.

2008 – 2010 AHA Strategic Plan *Development Time Line*

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
MEETINGS	16 LRPC 28 EC 29–31 BD		27 LRPC 29 OC		4 EC 5 BD		10 LRPC 19 OC 20 EC 21-22 BD			16 LRPC 18-20 EC	1 OC 14 EC 15-16 BD	

PROCESS*
Legend

Process items (plotted along the timeline):

- AHA compiles '07 AHA Environmental Assessment (EA)
- EC approves '08 – '10 Strategic Plan (SP) process
- LRPC recommendations for EA
- AHA validates EA
- AHA validates Planning Assumptions
- and Financial Assumptions
- OC approves Financial Direction and Assumptions
- EC recommendations for EA Summary & Planning Assumptions
- BD recommendations for EA Summary
- AHA validates Strategic Framework/Goals and develops Priorities/Performance Measures
- AHA prepares '08 Budget
- AHA validates Strategic Plan (SP)
- EC recommends SP for BD approval
- OC submits '08 Budget w/ recommendations for BD approval
- BD approves SP and '08 Budget
- EC monitors SP performance

Legend:
- LRPC (Long Range Policy Cmte.)
- EC (Exec. Cmte.)
- BD (AHA Board)
- OC (Operations Cmte.)

- Planning
- Budgeting
- Monitoring

Figure 1 2008–2010 American Hospital Association (AHA) Strategic Plan Development
Time Line. (Source: American Hospital Association, 2007, Chicago.)

To complement this knowledge and to gain a comprehensive appreciation of the broader health care landscape, organizations often turn to nationally recognized sources, such as the large health care consulting firms or accounting firms, to obtain trends and issues that these groups compile.

Strengths, Weaknesses, Opportunities, Threats (SWOT) Analysis

Once an environmental scan has been developed and vetted among the stakeholders, the second phase in the process is developing a SWOT analysis. A SWOT analysis is an exercise that evaluates both internal strengths and weaknesses of the organization, as well as opportunities and threats imposed by the external environment. In evaluating an organization's internal strengths and weaknesses, it is critical that an open, honest dialog and assessment of the organization's operations be conducted. External opportunities and threats are best identified through research to validate consensus assumptions of the stakeholders and to alert them to emerging forces that might either positively or negatively impact the organization. There are several models for approaching a SWOT analysis, commonly found in planning literature and on the Internet. Organizations should evaluate the model that best serves their needs.

The objective of the SWOT is to create a short list of major internal strengths and weaknesses and external market opportunities and threats that the organization can then begin to affirm and prioritize.

Planning Assumptions

Planning assumptions are causal statements developed in response to selected SWOT findings that have a high probability of impacting the organization during the planning horizon.

Planning assumptions are also employed to test the validity and, as appropriate, to modify the strategic framework (i.e., vision, mission, values, and goals) of the organization. Although not discussed in this chapter, the organization should employ a similar process for developing a set of financial assumptions.

Strategic Framework

The strategic framework is generally understood to represent the vision, mission, values, and goals of an organization. If a strategic framework is absent for the organization, developing a vision and mission statement becomes the essential board task. Should a strategic framework presently exist, it should be reviewed annually and tested against the planning assumptions to ensure that it continues to be relevant to the organization in moving forward for the next planning horizon.

Strategy Development

The goals represent the broad, overarching multiyear intended outcomes of the organization in pursuit of its mission and vision. Once these have been developed as part of the strategic framework exercise, it is time to turn to strategy development. Strategies describe the annual action plans that will be implemented during the planning horizon to achieve the goals. Although the number of strategies to achieve each goal varies, identifying the top 6 to 10 required seems to work best and to be most manageable. The CEO and the management team should take the lead in the strategy development process. As supporting priorities and performance measures are created, it is imperative that staff closest to the work be involved in this process since they are likely to be given the responsibility and held accountable for implementing the priorities.

Performance measures are the individual metrics employed to determine if a priority has been successfully implemented and are communicated through a performance report that is shared with the board responsible for monitoring the organization's progress against the plan.

Performance measures should communicate what and when tangible actions are to be achieved. These should not include process–related items, such as creating a survey, convening a meeting, preparing materials, and so forth (Figure 2).

Strategic Planning Process: Thoughts on Effective Planning

Opinions vary on the significance of strategic planning, the board's involvement in strategic planning, and the importance of planning expertise as an attribute for trustee selection. However, most agree that an understanding of the organization's strategic planning process is a trustee asset. A trustee's working knowledge of the strategic planning process and how boards can most effectively participate maximizes the board's contribution to an organization's strategic success. The more trustees are familiar with the board's role in the planning process, the better prepared they are to guide their organization toward achieving success, and the closer their organization is to achieving that success.

As a critical link between the organization and its stakeholders, the board can play a key role in ensuring that stakeholder input is incorporated into the strategic planning process, and that stakeholder needs and expectations drive the organization's mission and goals.

It is a given that boards should be directly involved in establishing the strategic framework for the organization and for setting the overall strategic direction. A planning retreat often best serves to accomplish this work. A retreat location away from the interruptions of the daily work environment allows adequate time for the CEO and management to present planning material, and the opportunity for questioning by the board and for thoughtful dialog between the two. Providing board members with planning material in advance of the retreat goes a long way to promoting a productive and meaningful retreat experience.

American Hospital Association

2008 – 2010 AHA STRATEGY MAP

AHA's Vision for America
A society of healthy communities, where all individuals reach their highest potential for health.

Our Mission
To advance the health of individuals and communities; the AHA leads, represents and serves hospitals, health systems and other related organizations that are accountable to the community and committed to health improvement.

Our Values
People…Integrity…Leadership…Diversity…Collaboration

OUR GOALS

1. ADVANCE A HEALTH CARE DELIVERY SYSTEM THAT IMPROVES HEALTH AND HEALTH CARE

To pursue strategies and advocate for models and resources that promote patients and communities receiving the right care, at the right time, in the right place.

STRATEGIES:

1A) Improving Quality, Patient Safety and Performance
1B) Safeguarding Fair Reimbursement
1C) Transforming Health and Health Care
1D) Ensuring Accountability for Tax Exemption
1E) Increasing Health Care Workforce Capacity and Improving Employee Relations
1F) Strengthening Physician – Hospital Relationships
1G) Promoting Diversity
1H) Achieving Exceptional Health Care Governance

2. OPTIMIZE THE OPERATIONAL EFFECTIVENESS OF THE AHA

To sustain and enhance a member- and user-focused organization that promotes excellence, collaboration, innovation, growth and development.

STRATEGIES:

2A) Increasing Membership Recruitment and Retention
2B) Enhancing the Governance Process
2C) Empowering People and Organizational Strategies
2D) Optimizing Information Technology
2E) Maximizing Financial Strength

Figure 2 2008–2010 Strategy Map. (Source: American Hospital Association, 2007, Chicago.)

It is important that these sessions encourage and seek out diverse opinions and perspectives about where the organization is going and how it intends to get there. If board members only engage in deliberation with like-minded peers, a more homogeneous outcome may result, but they may also lose the value of a dissenting perspective.

Once the plan is approved, boards need to take a leadership role in monitoring the performance against the plan through regularly scheduled, real-time progress reviews based on agreed-upon performance metrics with the CEO and the management team. An annual review that is largely qualitative is not sufficient. And if the plan is not on track, the board needs to understand why and what contingency plans, if appropriate, are being developed to address the change in course.

The Board's Role in Strategic Planning

The Decision to Plan

One thing is certain about health care delivery: there is very little that is certain. It is the ever-changing shifts in policy, regulation, technology, and reimbursement that make regular, structured planning an imperative for the success of a hospital or health system. The board must be aware of these changes and the resultant uncertainty, and it must hold the organization accountable to establish a rigorous planning process. Involvement in establishing the strategic plan, setting the goals, and monitoring its progress are among the chief responsibilities of the board.

Health care providers on the board have a unique perspective on the uncertainties of delivering care. They can understand the limitations of new health care treatments and technology, and they can appreciate the risks such changes bring to the health care system. Because they practice in the same regulatory and fiscal environment, they can also have a deep appreciation of the threats and opportunities offered by these external pressures. By working with nonprovider board members, provider trustees can help define a new vision of a delivery system that takes into account this uncertainty and provides a realistic assessment of the environment in which the organization operates. Using this vision, the entire board can hold the organization accountable to prepare for the future in a systematic way and can effect the initiation of the strategic planning process.

Strategic planning is the board and organization's attempt to create its future, to achieve its vision, and to exert its influence over an uncertain future. Trustees bring their unique perspectives to the table and initiate the planning process with management, in order to secure the survival and future success of the organization's mission.

Contributing to Strategy Formation

Strategic planning is a team sport. It engages management, the medical staff, and the board in the process. However, it is the board that determines what level of involvement each party will have, since the responsibility for the future of the organization is squarely in the board's hands. Despite the board's authority, each party brings to the process his or her well-defined responsibilities and accountabilities (Figure 3 and Figure 4).

Domain of Governance

The board is responsible for establishing the mission of the organization and driving its fulfillment. It ensures that the strategy is grounded in and consistent with the mission, and it drives the organization to accomplish the vision it describes. The board also formulates the organization's values. The board must be certain that these values are not compromised by the strategy, and that they form the basis for achieving the future envisioned by the successful achievement of the strategic goals. Finally, the board has the responsibility for establishing the goals for the plan. Only when the board clearly articulates these goals, along with significant accountability for their achievement, can success be realized.
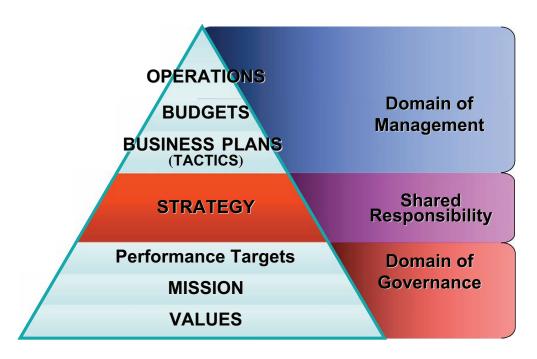
Domain of Management

Management is responsible for developing the tactics to operationalize the strategy. It is through developing these tactics or business plans that management contributes to the planning process and creates the mechanisms to advance the strategy. By tying budgets to the strategic plan, management develops the organizational commitment to turn the plan into reality.
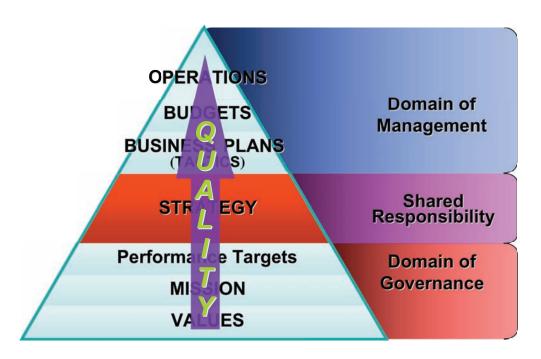
Role of the Medical Staff

While the members of the medical staff have no formal accountability in the strategic planning process, it is essential for the success of the plan to have them actively engaged in its development. The medical staff is one of the primary stakeholders in the organization and has good insight into care delivery and the health care environment. Since the primary goal for health care strategic plans should be the advancement of the health and well-being of those they serve, the involvement of the medical staff as the principal providers of that care is critical to ensuring that the plan is well-focused, practical, and will achieve the desired results.

Shared Responsibility

While each party in the planning process has his or her own responsibilities and perspectives, it is the board that decides at what level it wants to be involved beyond its role in mission, values, and goal setting. The board may desire a role in defining the process, reacting to the environmental scan, and crafting the major strategies, or it may leave these tasks to management, providing input and approval only after the completed plan is delivered to

Figure 3 Strategy Formation. (*Source:* Mikhail, O., 2007, School of Public Health, University of Texas, Houston. With permission.)

Figure 4 Positioning of Quality. (*Source:* Mikhail, O., 2007, School of Public Health, University of Texas, Houston. With permission.)

them. There is, however, one area for the health care organization where the board must take the lead, and that is to ensure that a concern for the quality of patient care becomes a driving force for all aspects of the strategy.

Defining the Level of Performance

A major board prerogative in the strategic planning process is establishing the organizational goals, as well as the metrics to evaluate the progress of the plan. Given the current pressures on the health care system to improve its performance, boards must set organizational goals high enough to engender credibility, but not so high as to be unattainable. Achieving this balance and establishing "stretch" goals that move the organization forward require an intimate understanding of the health care field and its great potential to improve. Health care provider trustees can provide this needed understanding. These internal board experts should be resources to the entire board for the appropriate setting of strategic goals, as well as helping to define the measures of success of the overall strategy. Once goals are established and measures of their successful accomplishment defined, the board has an important obligation to identify gaps between actual organizational performance and that required by the plan. The role of the board is to encourage management to move ahead with the established plan or to provide reasons why the plan or its goals are no longer appropriate for the current circumstances. The board is then required to weigh these responses against its own understandings and experiences and to determine their reasonableness. Once that determination is made, the board must hold all accountable to the execution of the original plan or its new modification.

Tying Budgets to Strategies

The old adage "put your money where your mouth is" sums up the idea behind tying budgets to the strategies outlined in the strategic plan. However, too often the costs associated with implementing individual strategies have not been thoroughly considered. Only when each strategy is subjected to a careful cost–benefit analysis can these be evaluated as prudent to pursue. As a rule, the importance of each strategy in relation to the others for the organization is indicated in its priority under each goal. Parallel to this are the sizes of the budgets assigned to each of the strategies.

The health care environment is ever-changing. Should environmental factors significantly change during the implementation of the strategies and require adjustments to the planning assumptions, then a contingency plan must be created. Although contingency plans should not be a focus in the planning process, occasionally a "Plan B" is necessary in order to accelerate reaction times in certain situations.

Implementation

As evidenced in this chapter, strategic planning is a time- and resource-intensive process; however, it will be ineffective if the organization fails to implement it properly. Implementation

requires an understanding of the business environment, the appropriate timing of execution, and the proper reading of the business cycle. Budgets must not only support the strategy, but also be adequate to cover the expenses of the implementation, such as training, process redesign, and staff time.

A flawless implementation requires exquisite sensitivity to operations. Managers who are responsible for maintaining current operations will also be required to support implementation of the new strategies. Unless these additional responsibilities are recognized and managers receive support for their role, the plan will be seen as irrelevant to their personal success and satisfaction in doing their job. The handoff between senior management and the operational staff is the critical step in successful implementation. A process of continued feedback to these front-line managers through established performance measures and linkage to their individual performance evaluations and incentives needs to be established early in the implementation. Managers should also be consulted on how the implementation could disrupt their current operations and create a need for process redesign in their areas of responsibility. Engaging them in these discussions can ensure their buy-in to the implementation and maximize the likelihood of success. Board members with provider backgrounds can be helpful in identifying some of the clinical and operational obstacles to implementation while the process is still in the strategic plan development phase.

Successful implementation of the strategic plan also depends on how the plan fits into the organizational structure and culture. Unless these concepts are taken into account during strategy development, a plan may be designed that cannot be supported or implemented fully by the organization. Realistic assessment of the organization's capacity to execute the plan should be undertaken early in the process, and provider trustees, because of their experience, can be useful in this due diligence to help clarify the culture and organizational readiness.

Monitoring Plan Performance

In order for a plan to succeed, there must be continuous monitoring of organizational performance against the requirements of the plan. The responsibility for monitoring clearly belongs to the board. Before any attempt to hold parties accountable for performance against the plan, there must be agreement on what constitutes success between the board who monitors the plan and management who executes it. This *a priori* agreement allows management to embrace the plan by helping define what constitutes success according to the board. Agreement about key measures of success also ensures that mutual expectations will be clear and that any ambiguity in the plan is addressed.

For any monitoring function to be effective, frequent review of the performance measures should be undertaken. At least quarterly, the board should review these key measures and ask management for an explanation of any offplan performance issues. With this type of regular feedback, management can make the appropriate adjustments to the plan and its implementation before overall organizational performance suffers.

The board should also conduct a review of the strategic framework at least annually. The health care environment is constantly changing, and this requires a reassessment of the planning assumptions that support the strategic plan. Significant changes in these assumptions may require that the entire framework be modified, and those changes could have a profound effect on implementation of and adherence to the plan. This periodic review allows the board to keep the plan flexible and responsive to environmental shifts.

Why Plans Fail

Obviously it is tremendous work and effort to develop and successfully implement a strategic plan. Sadly, too often strategic plans are created that end up sitting dormant on office shelves and only dusted off when the new planning cycle begins. Strategic plans should serve as a management tool to guide the organization's strategic and operational initiatives. Unless the organization is committed to the planning process and to successfully implementing the plan, the board's energy is frankly better employed in other pursuits. At the forefront of successful strategic planning is the organization's cultural philosophy and seriousness of purpose, which begins with the CEO. This philosophical commitment must transcend the organization so that management and staff equally embrace their approach to their work and the importance of demonstrating the success of the plan. Testing the organization's commitment to strategic planning begins by evaluating the CEO's commitment and role in the planning process.

Second, the board must have a working knowledge of the planning process and intimately understand its role and responsibility, as well as the roles of the CEO and management team. Further, the board should be familiar with the position in the organization charged with overseeing the planning process and plan development. Fundamentally, without an actively engaged CEO and a board that champions the planning process, the likelihood that a well-developed plan will be created, let alone implemented, is minimal.

In the most forward-thinking organizations the CEO is usually viewed as the "chief planning officer," while a senior management position is tasked with designing and overseeing the planning process.

For health care organizations, the strategic plan can also be jeopardized by failing to engage the medical staff early in the process. While management and front-line staff are responsible for implementing the plan, support from the organization's physicians, who in many cases direct the daily work of patient care, and who also may develop their own competing strategies, is critical to implementation success. Without physician support, or worse, with their resistance to it, even the most rigorous implementation attempts will be thwarted. Provider trustees can be invaluable in securing support from staff physicians.

Conclusion

Engaging in strategic planning is one of the most important responsibilities for boards. Organizations and their stakeholders rely on trustees to provide their insight and experience to help management assess the health care environment, envision the future, and craft the road map to successful health care delivery. Trustees can provide a perspective to this process that is unique, relevant, and much needed. By understanding the basic concepts of strategic planning and becoming familiar with the planning process, board members can increase the effectiveness of their contributions and become exceptional trustees.

Planning is the first step in achieving the strategic goals. Boards must also be involved in overseeing the implementation of the plan and monitoring its progress in achieving those goals. Provider trustees can play a unique role. From their professional experience, they can assist the board in the early recognition of cultural and organizational impediments to the successful implementation of the plan, and they can provide insights into the causes of poor plan performance as the implementation progresses.

This monograph serves as an introduction to the topic of strategic planning and the process for its effective execution. This knowledge, coupled with professional insights and experience, can lead to an even higher level of performance in service to the patients, families, and communities who depend on health care organizations.

Case Study

At a recent board retreat a long-serving board member, also a prominent private practitioner in the community, turned to the hospital CEO and asked, "Where are we headed, and how will we know when we get there?" The CEO responded, "Good question, we are working on the strategic plan right now. Would you like to join the committee?"

Study and Discussion Questions

There are numerous questions boards should ask about the organization's strategic planning process. Among others, here are some of the most important:

1. Do you have a working knowledge of the organization's strategic planning process?
2. What is the CEO's philosophy on strategic planning?
3. Is the board involved in approving the strategic planning development timeline? Are the steps (milestones) in the planning process clearly defined with roles and responsibilities assigned?
4. What is the board's role in developing the strategic framework (vision, mission, values, and goals)?
5. Is the planning process top-down, bottom-up, or a combination?
6. How do you engage the medical staff in the strategic planning process?

7. Is a formal, routine process in place for monitoring the organization's performance against the plan?

8. How are the community's needs and their input captured in the strategic planning process?

9. Who are the audiences to the strategic plan? How broadly is the plan shared?

10. Who is the strategic planner in the organization, and what is his or her relationship to the CEO and the board?

Suggested Readings and Web Site

Readings

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