From Strategy To Action: How To Create & Implement A Great Strategy For Success

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Agenda

I. Why Organizations Need An Externally-Focused, Resource-Based Approach To Strategic Planning

II. A Strategic Planning Case Study: Lifeskills

III. Questions & Discussion
Why Organizations Need An Externally-Focused, Resource-Based Approach To Strategic Planning
What Is Strategic Planning?

Strategic planning is your organization’s process of continually assessing its internal capabilities and the external environment (payers, consumers, and competitors) in order to determine how best to use its limited resources to meet your strategic objectives.
Value Of Planning For Your Organization

- Interprets the mission and vision, providing clear direction for the short-term and for the future
- Serves as a formal process to allocate limited resources
- Establishes strategic priorities
- Ensures organizational alignment
- Establishes the basis for on-going performance reporting on organizational status provided by the chief executive officer to the board
Value Of Planning For CEO & Management Team

- Provides clarity from the board regarding organizational priorities and performance expectations
- Serves as the basis for development of organizational infrastructure and operating plans
- Serves as the basis for departmental and program plans
Making New Models A Sustainable Reality Takes New Management Practices & Discipline

1. Develop vision of future competitive advantage and market positioning

2. Scenario-based strategic plan incorporating alternate future positioning options

3. Detailed plans – marketing, financial, operational, capital, HR, etc. – to implement strategy and future vision

4. Key performance metrics and metrics-based management to track strategy implementation (and allow mid-course adjustments)

5. Optimization of current operations to keep current programs as competitive (and profitable) as possible as long as possible

6. New service model development to support future vision

7. Collaborations as needed to facilitate new market vision
Recommended Phased Business Strategy Development Process

**Phase One**
- Scenario-based strategy development

**Phase Two**
- Modification of business unit plans to support strategy implementation

**Phase Three**
- Development of executive team performance dashboard
Phase One: Scenario-Based Strategy Development

- **Confirm short-term and long-term organizational objectives**
- **Analyze external and internal factors that affect strategy**
- **Identify likely environmental scenarios and related strategic issues and priorities**
- **Develop strategic priorities and related tactics**
- **Develop a strategic action plan with a high-level implementation plan**
Phase Two: Modification Of Business Unit Plans To Support Strategy Implementation

- Marketing and development plan
- Technology and communications plan
- Operations management plan
- Financial management plan
- Human resource and talent management plan
- Organizational and program budgets
- Financial management organizational strategies
- Recommendations regarding organizational structure
Phase Three: Development Of Executive Team Performance Dashboard

1. Determine critical performance outcomes for success of strategy
2. Identify leading indicators and metrics that track these performance outcomes
3. Develop key performance indicator metrics and related specifications
4. Create an executive team performance dashboard based on these strategy key performance indicators
Overview Of Strategic Planning Process

1. Review/Establish Mission/Vision/Objectives
2. Gather External Information/External Analysis – Trends & Competitors
3. Gather Internal Information/Internal Analysis – Service Portfolio Analysis
4. Identify Options for Achieving Objectives - Strategies, Tactics, Markets & Services
5. Develop Operational Plans – Marketing & Business Development, HR & IT
6. Develop Budget & Financing Plan
7. Develop Detailed Implementation Action Plan
8. Develop Key Performance Indicators
Common Strategic Options For Consideration

- Closure of services/service lines that are not profitable and/or affordable and/or “good fit”
- Strategies to improve margins of existing service line
- Building “value added” products to increase margins
- Expansion of successful service lines (expansion of geography, new customer base, etc.)
- Diversification of revenue sources
- Reconfiguration of services within “value chain”
- Strategies to address shifting “economy of scale” issues
LifeSkills Case Study

Joe Dan Beavers, CPA, MHA, President/CEO, LifeSkills, Inc.
THE GREATEST DANGER FOR MOST OF US IS NOT THAT OUR AIM IS TOO HIGH AND WE MISS IT, BUT THAT IT IS TOO LOW AND WE REACH IT.

- Michelangelo
Who We Are

• Community Mental Health Center founded in 1966

• Based in Bowling Green, Kentucky

• Coverage area of 10 contiguous counties, mostly rural

• Full continuum of community-based services, mostly outpatient

• Three primary divisions:
  - Mental Health
  - Addiction Services
  - Intellectual & Developmental Disabilities

Our Mission

We support people who experience mental illness, addiction, and intellectual disabilities as they build meaningful and independent lives.

www.lifeskills.com/values/
By The Numbers

- 425 FTEs & 100 Foster Care Families (Adult & Children)
- 11,000 individuals annually
- Primarily Medicaid & State Funded (90%)
- Historically a “Safety Net” organization
- Largest provider in our market
- Revenues: $53M FY ’17
- Strong service growth in last ten years
  - Revenues: $26M in 2007 to $53M in 2017
  - Assets: $17M in 2007 to $28M in 2017
Where We’ve Been

• Long-tenured leader and CEO retired in 2013
  - 20+ years with Agency, primarily clinical background

• Shorter-tenured, less experienced CEO named
  - 5 years with the Agency, primarily financial background

• Strong clinical leadership, internally developed

• Struggled at times to keep up with growth & expansion

• Long-term relationship with EHR partner was shifting
“My Old Kentucky Home”

- In Kentucky massive, foundational changes for Medicaid
- In 2011, jumped into the Affordable Care Act with both feet
- Expanded access to Medicaid significantly
- Coverage added for addiction treatment services
- More robust behavioral health benefit
- New provider-groups created & additional competition
Game Changer: Managed Care

- Kentucky also faced considerable budget challenges
  - Medicaid population growth & the “woodworks” effect
  - Pension woes & unfunded liabilities

- In response, statewide Medicaid managed care introduced in November 2011
  - Initial contracts awarded to 3 managed care plans (5 currently)
  - 60 Days for transition (!)

- Materially all of our industry was in a state of upheaval

We had all been through various degrees of change before, but this was different. These were bigger changes. They were happening faster, with more uncertainty and complexity.
The Brave New World

- The Sky Is Falling! (or is it?)
- Plenty of challenges and plenty of opportunities
- Increase in M&A activity – large & small
- Key Decision: Determine what our role would be in this Brave New World
  - Could we stay true to who we were historically?
  - Did we have to redefine our identity?
- Mission – Vision – Values: Who are we going to be?
Time to Take Stock

• How do we manage the unsteady present, plan for viability going forward and manage them both at the same time?

• Internal: Where did we stand out? Where were we deficient?
  - Through a lens unobstructed by our own biases
  - Did we have the infrastructure we needed?

• External: Growing competition, managed care & national trends
  - How did our key stakeholders see us?
  - What additional changes were next?

• We needed help and we sought it out.
The Process - Internal Review

• Started with our Mission, Vision & Values
  - Know Thyself
  - Do they still hold up?

• Information Systems & Infrastructure
  - Evaluation of current environment
  - EHR was key: Did we need to make a change?
  - Staffing: Did we have the right skills?
  - Work flow: Needed improvements

• Service Offerings and Financial Performance
  - “Deep Dive” into entire existing service line portfolio
  - Did we provide the right mix? What was missing?
  - Impact of changing payment models
  - Performance measurement: Needed better data
The Process - External Review

• Key Payers & Stakeholders
  - MCOs: How did we compare with others?
  - Did we offer what they valued?
  - Did we have the data & outcomes to back it up?

• Analysis of National Trends
  - Payer preference of coordinated care
  - More value-based purchasing
  - More competition . . .
  - May lead to more consolidation

• Political & Administrative Changes
  - Kentucky State Government & Policy Direction
  - Federal Government & Policy Direction
Key Findings

• We were committed to our role as a community-based, safety net provider.
  - To maintain that, we had to target specific growth in other areas
  - Integrated services, care coordination, addiction treatment

• “Jack of many trades, Master of very few”
  - Offered a wide continuum of services
  - Were very good in many areas
  - Were not known for any specific expertise

• Information Technology Infrastructure
  - Current system was reliable for where we were
  - Needed improvements to get us where we needed to be
  - Could not easily drive metrics-based organizational decisions

• Improved Standardization
  - Clinical systems and work flows needed work
  - Performance measurements: Quality, Efficiency & Productivity
Planning & Strategy to Action

• Still a great deal of uncertainty in our industry

• Regardless of what additional changes may be coming, these were areas we needed to address

• Each Finding became a key strategic initiative for the organization

• Through additional work with our management team & consultants, objectives for each key finding were identified

• For each Objective, action items with specific tactics were developed to help move the needle on one (or more) of the key findings
Key Finding: IT Infrastructure

**Strategy 1:**
To establish an information systems infrastructure that produces meaningful analytic data, informs clinical decision making, demonstrates performance outcomes and drives quality improvement.

**Initiative 1.A:** Continue the process of determining the best software partner for EHR, financial and data analysis.

**Initiative 1.B:** Recruit and hire at least two new staff to assist existing IT team with reorganization and reprioritization of IT department.

**Initiative 1.C:** Design and initiate a comprehensive training plan that addresses the cultural shift these new activities will require.

**Initiative 1.D:** Develop a plan to integrate the performance and data-driven system into the new Quality Improvement plan.
Key Finding: IT Infrastructure

Initiative 1.A: Continue the process of determining the best software partner for EHR, financial and data analysis.

Tactic 1.A.1: Ensure software review and decision-making process has an organized project plan and involved key internal stakeholders.

Tactic 1.A.2: Review and identify any assets from the current software that can be transferred to support the new software.

Tactic 1.A.3: Once purchased, establish a reasonable but timely project plan for full implementation with vendor(s).

Tactic 1.A.4: Parallel to software development, establish a plan for the use of hardware by all staff at organization.
Where Are We Today?

- Identified three major phases of the plan (Year 1/Year 2/Year 3)
- Organized each initiative into one phase
- Currently closing in on Phase I & Phase II transition
- Key initiative for Phase I has been IT Infrastructure & Work Flow Improvement
- New software partner selected & implementation is underway
- New IT positions created, recruited & hired
- Complete analysis of our clinical work flows and documentation finished
- Some components changed before EHR implementation
  - Some as a part of implementation
  - Some after implementation completed
The Best Laid Plans . . .

• Since we started our planning process
  - New Governor
  - New President
  - New competition
  - New managed care contracts

• Each of those are disruptive forces
  - Do not change who we are (Mission/Vision/Values)
  - Do not change Key Findings (Yet)
  - Strategies & Tactics: Some will have to be adjusted
  - Planning process still has us on the right trajectory
The Best Laid Plans . . .

“In preparing for battle, I have always found that plans are useless but planning is indispensable.”

- Gen. Dwight D. Eisenhower
Questions & Discussion
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Addiction Treatment ▪ Social Services ▪ Intellectual & Developmental Disability Supports
Child & Family Services ▪ Juvenile Justice ▪ Adult Corrections Health Care