

The Meeting You Won't Want to Miss: Annual Strategic Planning

Once a year, spend a day away from the office to invest in meaningful conversation about the direction of your practice.

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Covered in FPM Quiz

What makes an organization not just good but great? That was the question researched for six years by James Collins and Jerry Porras, then professors at Stanford University Graduate School of Business. In their book *Built to Last: Successful Habits of Visionary Companies*,¹ Collins and Porras demonstrate that the enduring success of organizations such as Proctor & Gamble, Motorola and Disney can be attributed to two key factors:

1. Great organizations preserve a passionately held core ideology (their purpose, their values, what they stand for, who they are).

2. Great organizations never stop stimulating progress in every part of the operation except the core ideology.

Preserve the core; stimulate progress. Does that sound at all like your physician organization? Does your group know unequivocally what it is about and where it is going? Does your group encourage members to be innovative, to experiment with

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solutions and to make their work better? Does your group know what elements of the operation must never change and what's always up for grabs? Do your day-to-day decisions naturally follow that larger vision?

Chances are, the answer is no. Most groups tend to operate under crisis management,

KEY POINTS

- Strategic planning can help a group refocus on its core principles and stretch itself in areas where the status quo needs to be challenged.
- The meeting should occur yearly and should involve all physicians, senior administrators and other key personnel.
- The meeting will provide a forum for the group to discuss important issues such as the fairness of the compensation system and the group's relationship with local providers.

spending the bulk of their time dealing with problems that require immediate decisions. The trouble is that those spontaneous decisions often reflect the temporary mood of the decision maker rather than the values and goals of the practice. Compounding the problem, different members of a group often have very different ideas about where the practice should be heading. A member may sincerely believe, for instance, that everyone is content with the compensation system or the retirement plan or the appointment scheduling. Another member, however, may have very different views on each of these subjects. If the two never have a forum to communicate and discuss their contrasting philosophies, the practice will lack cohesion and will have trouble moving forward.

Day-to-day decisions are best made when the decision makers share a basic long-term practice strategy and philosophy to use as a

guide. One excellent way to develop such a template for your practice is to hold annual strategic planning meetings.

Meeting basics

A strategic planning meeting is simply an opportunity for your group to *refocus* its attention on what is most important and to *stretch* its members in areas where the status quo needs to be challenged. It does not have to be rigid, complex or boring.

And it certainly is not a magical process that will ensure your group's success. (That will come by hard work, trial and error.)

Here are some tips to help you plan your meeting and make it an event everyone will want to attend:

Scheduling. Most physicians who use strategic planning meetings as a practice management tool recommend having a formally scheduled meeting once each year. Less often, and you lose energy and focus.

Too often, and you'll never have time for patients. To give participants plenty of time to prepare for the meeting, schedule it six to 12 months in advance, and circulate an agenda at least several days prior to the meeting. (See the sample agenda to the left.) Schedule the meeting for a full day, if possible, or try for two half-days. That should afford you plenty of time to have a rich discussion.

Attendees. You should invite everyone who participates in decision making within your group – all doctors, senior administrators and other key personnel. This is critically important if you want the group to buy in to changes that result from the meeting. You may even want to invite a staff representative, someone who will be able to convey the interests of your other staff members. An inducement, such as monetary compensation or compensatory time off, can help encourage attendance. Depending on your group, you may want to encourage informal dress, which can put people at ease and make for freer conversation.

Time off. Many groups fail to meet regularly for strategic planning because they believe they cannot afford or orchestrate the time off for all key personnel. One way to ensure the group's physicians can be available for the meeting is by arranging for an associate outside the group to take the

A SAMPLE AGENDA

ABC Family Practice Strategic Planning Session

Friday, October 6
Community Hospital
Conference Room B

- 8:00 AM** *Meeting begins:* Opening remarks and introductions. (Note: A light breakfast will be served in the conference room.)
- 8:30** *Presentation:* How are we doing? An overview of the group's financial performance.
- 9:15** *Focused discussion:* Back to the basics: Revisiting the group's mission and practice philosophy.
- 10:00** *Break.*
- 10:15** *Focused discussion:* Our compensation system and benefits.
- 11:15** *Focused discussion:* Staffing needs, practice hours and physical plant.
- NOON** *Lunch break.* (Note: Lunch will be provided in Room 6A.)
- 1:00** *Focused discussion:* Is our scope of practice sufficiently broad?
- 2:00** *Focused discussion:* Examining our relationships with hospitals and other providers.
- 2:45** *Focused discussion:* Community activities.
- 3:30** *Break.*
- 3:45** *Focused discussion:* What is our BHAG?
- 4:30** *Wrap-up:* Decisions, action items, unsettled business.
- 5:00** *Meeting adjourns.*

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A strategic planning meeting serves two purposes: to refocus the group on its core values and to stretch the group in its areas of weakness.



Groups should hold a full-day strategic planning session once each year.



Attendees should include all decision makers within the practice and perhaps a staff representative.



To ensure physician availability during the meeting, arrange for an associate outside the group to be on call.



Many groups prefer an off-site location for their strategic planning meeting to help them break out of the status quo.



The meeting will need a moderator, either a member of the group or an outside professional, to keep the agenda moving.



Keep a list of action points that arise during discussions and, where possible, assign names and deadlines to each item.



It is important that a group clarify its practice philosophy by asking "What is most important to our group?"

group's calls during the meeting. Failing that, have the answering service or one of the practice's nurses take calls. The nurse could interrupt the doctor on call for true emergencies but would hold non-emergencies. During breaks, all doctors can simultaneously "blitz" the calls. Those who need to make hospital rounds can do so that morning and still be done in time to start the meeting early – and on time.

Location, location, location. Find a location that suits your group. Some groups will prefer to use their own conference facilities; others might prefer to get out of familiar surroundings and borrow the board room from a hospital or rent a conference room in a local hotel. Generally, going out of town is impractical because of call coverage considerations and family obligations, so don't push it with your group. The most important thing is that you choose a location that is comfortable and private.

A moderator. Designate one member of the group as moderator. This may be one of the doctors, an administrator or an outside facilitator or consultant. The moderator is responsible for keeping the meeting on track and controlling the agenda, not allowing the meeting to become bogged down in unproductive activity. This person must be ready to defuse conflict and work toward consensus or compromise – or civil disagreement. (See "Ground rules" below.) An internal moderator has the advantage of knowing the

participants and their personalities; however, he or she may have a personal agenda, or at least be suspected of having one. An external moderator or facilitator has the advantage of, theoretically, being more objective. Also, he or she is probably more experienced and skilled in conflict resolution and helping groups make decisions. The downside, however, is that the practice will have to compensate the outside facilitator.

Essentials. Every meeting needs an energy source, so stock the meeting room with bottled water, soda pop and snacks, and have a lunch ready or scheduled to be brought in. In addition, stock the room with paper, pens, white boards, flip charts and markers to record ideas and thoughts. You'll want to write down any "action points" that surface during your discussions, including who will do what and by when. This will help prevent your meeting from being all talk. In addition, by having their ideas recorded, group members will feel they have been heard.

Getting it on the table

With all the details out of the way, you're now ready to plan the discussion portion of your strategic planning session. If needed, you can assign topics to members of the group and ask them to prepare background materials or provide introductory remarks to begin the individual discussions. Of course, some topics will be more difficult than others, but these are important conversations to have yearly as a group:

Practice philosophy. Every group has its own philosophy that sets the tone for how people behave and how work is carried out within the practice. Many times, however, groups fail to define their practice philosophy and, by default, end up with something they would never intentionally create. To address this, ask yourself these sorts of questions: What is most important to the group? Does the group have a "work hard/play hard" approach, or does it value a laid-back, quiet atmosphere? Is high productivity a primary goal, or is there an emphasis on life balance? If group members are harboring bad feelings about each others' work ethic, this is the forum to discuss the problem. Your philosophy will affect your compensation formula, your scope of practice, your community relationships and almost every other aspect of your practice.

GROUND RULES

A free and open discussion is essential to any strategic planning meeting. If participants are too abrasive, or too passive, the meeting will not realize its potential. Developing ground rules may be of some help to your group:

1. Participate earnestly in the discussion.
2. Listen attentively and respectfully to others.
3. Seek solutions, not conflict.
4. Stay focused on the topic at hand.
5. Abide by time limitations.
6. Be open-minded and willing to compromise, when necessary.
7. Support decisions made by the group.

Mission statement. If the practice already has a mission statement, it should be reviewed at each strategic planning session. This will confirm that group members are in agreement about their purpose. If there is no mission statement, the group should develop one. The best mission statements are brief, often just one sentence, and offer a clear, compelling description of what the practice aims to do.

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Financials. A thorough review of the practice's financial status should be undertaken at every strategic planning meeting, perhaps even as the first agenda item, because it is so crucial. How do this year's numbers compare to last year's? How is productivity holding up?

Physician compensation. Compensation can be one of the biggest sources of conflict within a group, yet one of the most avoided topics. Virtually all management consultants recommend that a group's compensation formula be formally reviewed by all pertinent parties annually. You can begin this discussion by providing an overview of the current compensation formula. Then ask, do all members feel the compensation formula is fair? Does it penalize certain physicians? Does it reward what the group wants to reward? Is it appropriate to a particular practice site that may be heavily capitated or heavily involved in Medicare or Medicaid?

Benefits. A practice's benefits package need not be set in stone. In fact, it may be necessary to revise your benefits package to retain good employees and attract new ones. For example, is the number of vacation days adequate? Does the group have or need a formal policy regarding how many members can be on vacation at the same time? How does the group reimburse CME costs?

Scope of practice. Next to compensation, this may be the most lively conversation you have as a group because it forces you to think about the essence of your specialty and what skills or services are expected of your physicians. What services is the

practice offering? What services should or could the practice be offering? Is the practice considering using hospitalists? If so, should they come from within the group or from outside? Are physician extenders needed? If they are already employed by the group, are they used optimally? Are certain physicians especially interested or skilled in certain areas? Is the group referring those problems internally rather than outside? Does it want to? Could lab, X-ray or minor surgical services be added advantageously? Are existing services generating sufficient revenue to cover their costs?

Professional relationships.

A group's success depends in large part on how it works with other providers in the community. Is your group content with its primary hospital arrangements? How might the hospital relationship be improved? What about the group's relationships with consultants?

Staffing needs. Personnel are a practice's greatest asset but can also be its greatest expense. Here are some issues your group should consider: Is the level of staffing adequate or excessive? Is each staff member engaged in worthwhile, productive work? Should certain staff activities be eliminated? You should also examine your physician staff. For example, how big does the group want the practice to get? How soon? Should new members be recruited by direct contact, a recruiting firm or word of mouth?

Practice hours. Is your practice open at optimal times? In more competitive markets, practices may need to expand their office hours to attract new patients. In other areas, practices may need to reduce hours to save money. Is there interest in adding or deleting early morning, evening or weekend office hours? What would be the implications?

Physical plant. It isn't uncommon for groups to have poor office designs everyone dislikes but no one takes the initiative to change. Is your office layout convenient for those who are working in it? Is it sufficiently comfortable for staff and patients? Is there adequate space for patient care, physician study and assistant activities? Is the phone system adequate, and does it help rather than hinder the practice?

Community activities. The community plays an important role in helping family

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Although compensation can be a difficult subject to discuss, the group should review its formula annually to ensure that it is fair and effective.



A discussion of members' scope of practice could reveal that the group needs to expand its services.



The group can also use the strategic planning session to evaluate whether it needs to make staffing changes or adjust office hours.



Strategic planning sessions can also be an opportunity to address long-overlooked areas of dissatisfaction, such as facility design.



Every group should have a five- to 10-year goal that isn't easily achievable but that the group wants badly.



The strategic planning process should be thought-provoking, lively and even fun.

physicians improve patients' health. In turn, family physicians can play an important role in their communities. How involved is your group in community activities, such as school functions, smoking-cessation pro-

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grams, heart disease education, charity drives, etc.? How involved does it want to be?

BHAG. Organizations that truly want to be great should have a "big hairy audacious goal," according to Collins and Porras. This is a five- to 10-year goal that is larger and more daring than your average goal. It shouldn't be something you can reach easily, but it should be something you want badly. For example, a group may want to double its size and eliminate all debt in the next five years. Or it may want to become paperless, or achieve top scores on the clinical quality measures used by its health plan. What is

the BHAG for your group? And what are you doing *now* that will get you there?

A caveat for employed groups

Regularly scheduled strategic planning meetings can be an invaluable tool in making a practice more productive, efficient and harmonious. Even groups owned by another entity can benefit from such meetings, although they may face some obstacles. For example, the parent organization may not allow access to financial records or the doctors may not be able to make final decisions on office policy matters, but the group should be allowed to make recommendations. A strategy meeting can be an excellent means of increasing communication and cooperation between physicians and their employers.

Above all, regardless of the group's size or shape, the strategic planning meeting should be thought-provoking, lively, even fun. The issues on the table are rich with possibilities, so dare to think outside the box and generate new energy for your group. **FPM**

1. Collins JC, Porras JI. *Built to Last: Successful Habits of Visionary Companies*. New York: HarperBusiness; 1994.