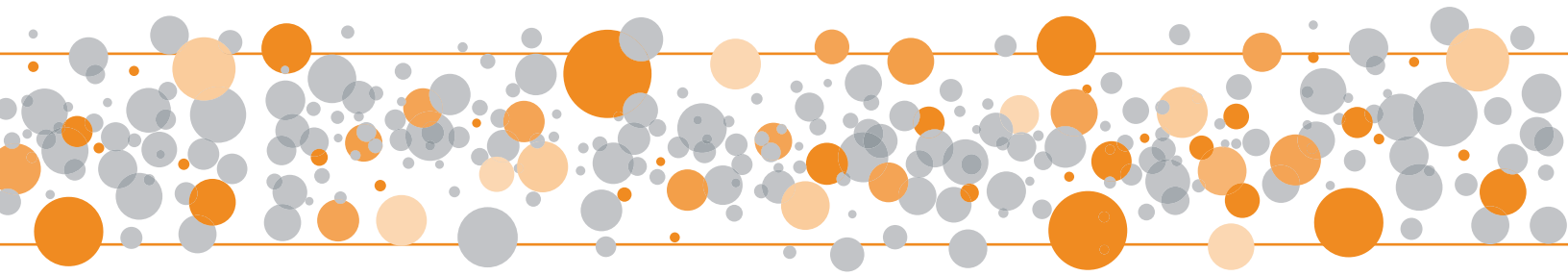# Transformative Planning:
STRATEGIC PRIORITIZATION AND DESELECTION

The multiple moving parts in today's health care landscape, particularly the erosion of a favorable payer mix, have exposed a gap between strategy formulation and execution—and this gap is now endangering health systems' sustainability.
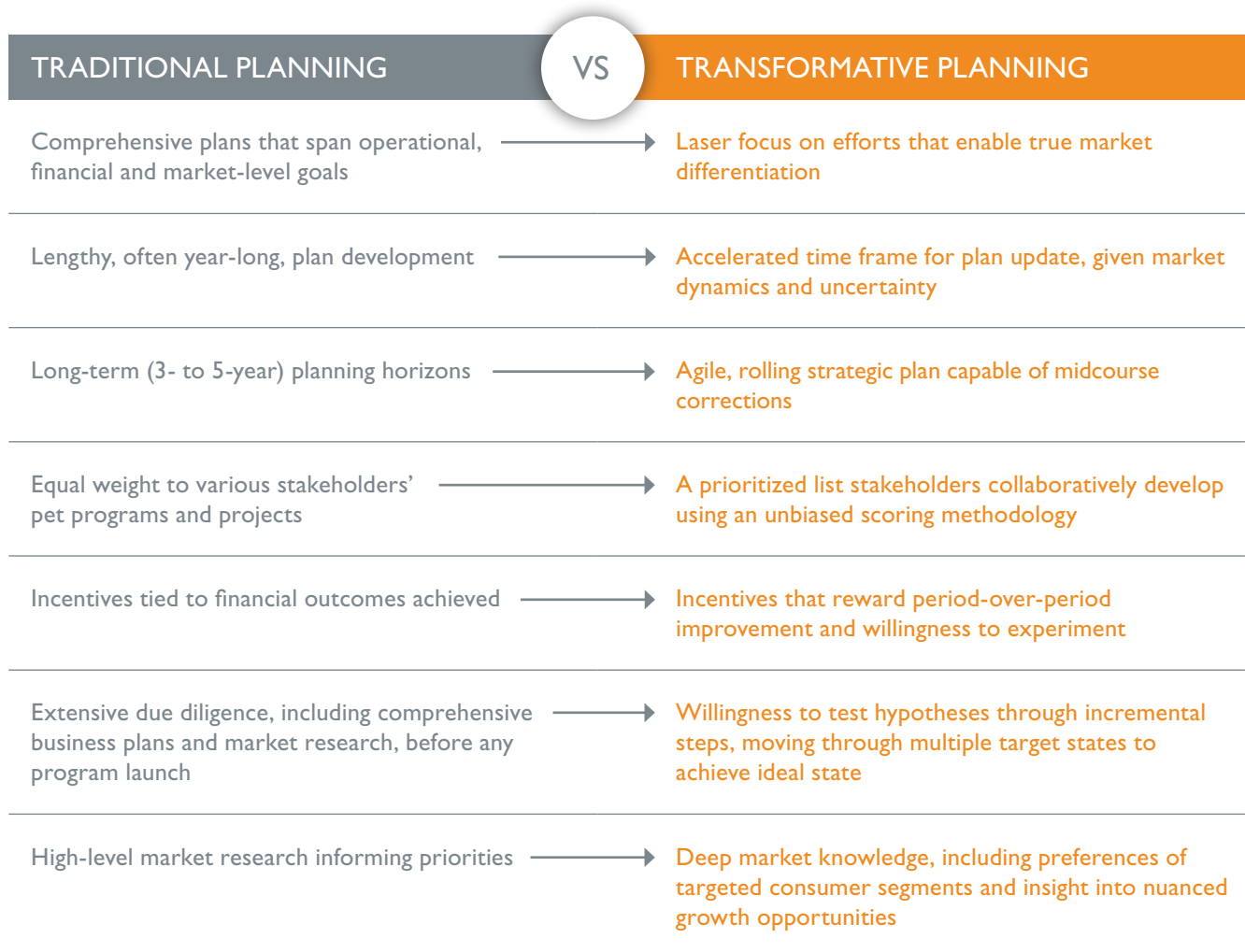
sg2
health care intelligence
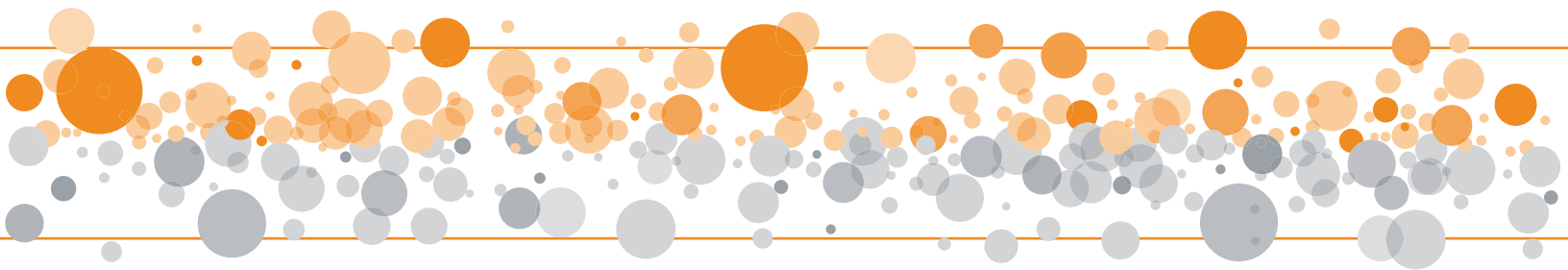
STRATEGIC
PRIORITIZATION
AND DESELECTION

Success requires an agile strategic plan aimed at truly differentiating the organization. The ability to prioritize the most impactful initiatives the organization is positioned to execute over the short-term, while simultaneously deselecting those that could derail it, will be essential to ensure sustainability.

Transforming the Planning Process

Health system planners too often rely on familiar playbooks. This follow-the-leader approach hamstrings systems from envisioning and executing on the unique strategies required for their organizations' long-term sustainability. A stepwise approach can move organizations away from traditional planning and toward a transformative endeavor.

TRADITIONAL PLANNING	VS	TRANSFORMATIVE PLANNING
Comprehensive plans that span operational, financial and market-level goals	→	Laser focus on efforts that enable true market differentiation
Lengthy, often year-long, plan development	→	Accelerated time frame for plan update, given market dynamics and uncertainty
Long-term (3- to 5-year) planning horizons	→	Agile, rolling strategic plan capable of midcourse corrections
Equal weight to various stakeholders' pet programs and projects	→	A prioritized list stakeholders collaboratively develop using an unbiased scoring methodology
Incentives tied to financial outcomes achieved	→	Incentives that reward period-over-period improvement and willingness to experiment
Extensive due diligence, including comprehensive business plans and market research, before any program launch	→	Willingness to test hypotheses through incremental steps, moving through multiple target states to achieve ideal state
High-level market research informing priorities	→	Deep market knowledge, including preferences of targeted consumer segments and insight into nuanced growth opportunities

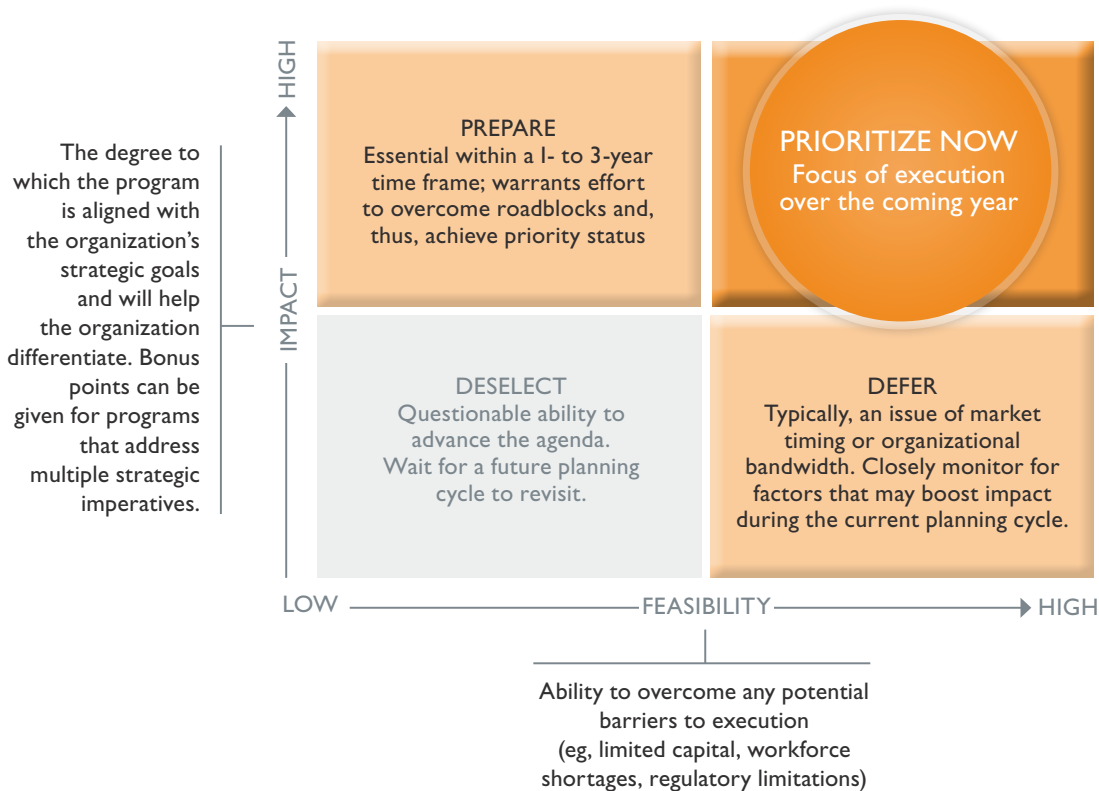## Steps of Transformative Planning

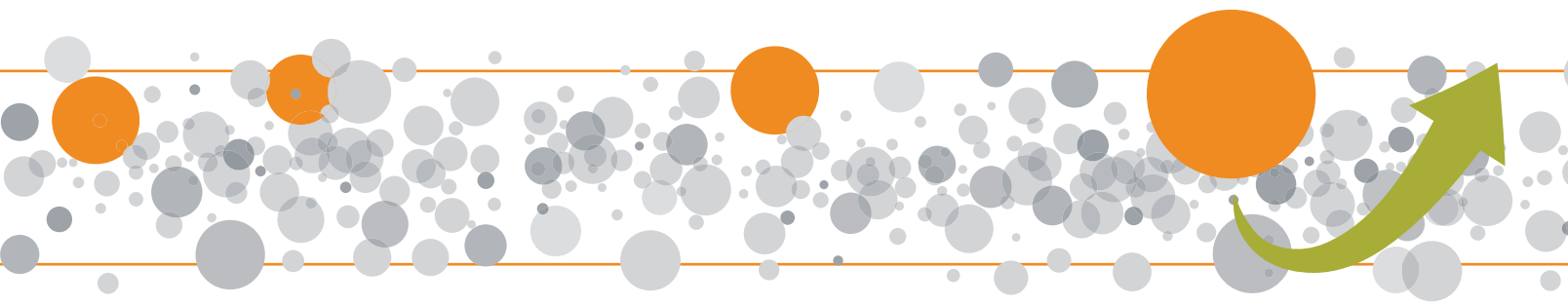**STEP 1**   **IDENTIFY CORE DIFFERENTIATORS**

Organizations must focus on those things that will set them apart from their competitors. Key questions to help accomplish this include:

- What is our winning aspiration?
- Where/how can we win?
- What would winning look like, and how would we know?
- For which products do we have a unique value proposition?
- Where/how can we win now, and what should we defer for later?

STEP 2   **SYSTEMATICALLY PRIORITIZE, DESELECT INITIATIVES**

Evaluate the impact and feasibility of each proposed solution; score and plot each one as a way of determining what should take priority and what should wait for future planning cycles. There are a variety of methods organizations can use to score proposed programs. The chosen method should limit subjectivity and provide enough differentiation to make the rankings meaningful.

The degree to which the program is aligned with the organization's strategic goals and will help the organization differentiate. Bonus points can be given for programs that address multiple strategic imperatives.

IMPACT (HIGH → LOW)

PREPARE
Essential within a 1- to 3-year time frame; warrants effort to overcome roadblocks and, thus, achieve priority status

PRIORITIZE NOW
Focus of execution over the coming year

DESELECT
Questionable ability to advance the agenda. Wait for a future planning cycle to revisit.

DEFER
Typically, an issue of market timing or organizational bandwidth. Closely monitor for factors that may boost impact during the current planning cycle.

LOW ————— FEASIBILITY ————→ HIGH

Ability to overcome any potential barriers to execution (eg, limited capital, workforce shortages, regulatory limitations)

STEP 3

EVALUATE A SET OF TACTICS

With a prioritized list of programs, planning teams can then focus on how those programs will be developed through a set of tactics. A feasible set of tactics enables teams to envision interim milestones that help move their organizations toward an ideal state.

Using a ranking system that is the same or similar to the one used for program evaluation, potential tactics can be scored for the ability to deliver "quick wins" using the following evaluation criteria:

- Growth potential
- Impact on patient outcomes/experience
- Capital expenditures
- Market dynamics

LEAVE ROOM FOR BONUS POINTS

In addition to the evaluation criteria, organizations may consider "bonus points" that act as multipliers for proposed tactics that directly impact certain factors important to that organization. For example, an organization that feels strongly about physician buy-in could place more weight on tactics with a physician champion.

STEP 4

MOVE INTO THE EXECUTION PHASE

Often a gap exists between strategy formulation and execution. Too often, strategic plans are stuck in binders on a shelf, too big and daunting to pursue. Organizations that resist the urge to deploy a comprehensive end-to-end solution and instead pursue a targeted approach that can quickly prove a project viable or unsustainable can cross the bridge from plan to action.

- **Target a single segment of the workforce.** Organizations typically have 3 segments within their workforce: early adopters, the majority and resisters. Starting with the path of least resistance—early adopters—will accelerate the journey from pilot to large-scale implementation.

- **Embrace the minimum viable product.** Launching a product with just enough features to test a hypothesis will allow planners to pursue more comprehensive solutions or pivot to a new idea in a short amount of time.

- **Set criteria for initiatives that warrant full business plans**. Some projects are not suitable for rapid testing; they require an all-in approach. The viability of those projects should be evaluated through a business plan.

- **Establish concrete metrics to track in real time.** A nimble plan is one that can easily change course if goals are not being met. Only through the tracking of metrics can organizations determine if a project is producing the intended results.

For a detailed look at this topic, see the full report, *Transformative Planning: Strategic Prioritization and Deselection*. For customized assistance, contact your Sg2 service team at 847.779.5300.

Anticipate the Impact of Change

Sg2, a Vizient company, is the health care industry's premier authority on health care trends, insights and market analytics.

Our analytics and expertise help hospitals and health systems achieve sustainable growth and ensure ongoing market relevance through the development of an effective System of CARE.