Strategic Planning & Marketing

Barbara Langland Orban, Ph.D.
Associate Professor
Health Policy & Management

PHC 6102
Principles of Health Policy and Management

Part 2 of 3

NO AUDIO ON THIS SLIDE
Strategic Planning Model

I. Formulating Direction
- Mission, Values, Vision
- Formulating Goals & Objectives

II. Strategic Assessment
- External Environmental Analysis
  - External & Internal Marketing (audit) Assessment
  - Environmental Scanning
- Marketing Audit
  - External & Internal Marketing (audit) Assessment
- Internal Capability Analysis
  - Organizational Assessment
VISION

• Management’s view of the future that is best for the organization
• Image of how the mission unfolds
• Answers “what does the organization want to do”
ACA Law of 2010

• Changes environment for
  – Health insurance companies
  – Hospitals
  – Physicians
**Five-Step Visioning Sequence**

**STEP 1:** Clarify Values  
Define key values and what they mean in action

**STEP 2:** Scan the Current Situation  
Examine the current environment internally and externally

**STEP 3:** Understand the Mission  
Clarify the basic purpose
Five-Step Visioning Sequence

**STEP 4:** Create a Vision
Generate a clear image of the preferred future

**STEP 5:** Implement the Vision
Create strategic plans, actions plans and feedback loops to implement the values, vision and mission
Vision: American Cancer Society

- More cancer will be prevented and the disease will not be the leading cause of premature death
- Age-adjusted incidence will be reduced
- Age-adjusted mortality will be sizably reduced
- Public will no longer perceive cancer as a death sentence
- After diagnosis, more people will survive longer, with excellent ability to function and enjoy life
- All cancer patients and their families will have a better quality of life
- Uncontrolled pain will be eliminated as an effect of cancer
VHA VISION

WHY DID THE MISSION OF THE VETERAN’S ADMINISTRATION HEALTH (VHA) CARE SYSTEM CHANGE IN THE MID-1990s?
VHA CHANGES

• Resource decisions previously dominated by past precedent
• Avoid privatization
• Embrace managed care values and act as a system
  – Reduce inpatient capacity
  – Reallocate resources to primary care
  – Consolidate facilities
  – Create networks of facilities & clinics
• Simplify determination of eligibility
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GOALS

• Statements about what seek to accomplish
• Desired results, ends, targets,
• Used to motivate desired behaviors
• To be effective - must be acceptable to people who managers wish to motivate
• Goal #1
Reduce the major threats to the health and productivity of all Americans.
OBJECTIVES

• Also - ends, targets, desired outcomes
• Contribute to achieving a goal
• Stated in *measurable* terms
• Achievable and acceptable to the majority
• Compatible with other goals/objectives
HHS GOAL 1
Reduce the Major Threats to the Heath and Productivity of All Americans

Objectives
1.1 Reduce tobacco use, especially among youth
1.2 Reduce the incidence and impact of injuries and violence in American society
1.3 Improve the diet and level of physical activity of all Americans
1.4 Reduce alcohol abuse and underage drinking
Types of Goals and Objectives

• Operating Performance
  – volume, statistics
• Financial Performance
  – profitability, revenues
• Quality Performance
  – health status, reduced adverse events
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External Environment of a Health Organizations

The General Environment
- Government Institutions
- Business Organizations
- Educational Institutions
- Religious Institutions
- Research Organizations / Foundations
- Individuals / Consumers

The Health Care Environment
- Planning / Regulatory Organizations
- Primary Providers
- Secondary Providers
- Provider Representatives
- Individuals / Patients

Information
- Technological
- Social
- Regulatory
- Political
- Economic
- Competitive

Issues
- Technological
- Social
- Regulatory
- Political
- Economic
- Competitive

Environmental Issues
External Environmental Analysis Process

**Scanning**
- View external environmental info
- Identify issues within each category

**Monitoring**
- Specify the sources of data (organizations, individuals, or publications)
- Confirm or disprove issues (trends, development, dilemmas, and possibility of events)
- Determine the rate of change within issues

**Forecasting**
- Identify the interrelationships between issues & between environmental categories
- Develop alternative projections

**Assessing**
- Evaluate the significance of the extended (forecasted) issues to the organization
- Identify the forces that must be considered in the formulation of the strategic plan
INTERNAL CAPABILITY ASSESSMENT

• Assess capabilities and expertise to pursue potential strategic directions
• Identify strengths and weaknesses
• Potential limitations
  – Inadequate financial capital
  – Lack of depth in management
  – Lack of expertise in focal area
III. Strategy Choice

Formulate & Consider Organization Strategies

Organizational Strategies

Context of Strategy Choice

Strategy Choice

Choice Criteria

Operational Planning

Strategic Planning Model (continued)
Strategic Planning Model ...

IV. Program Implementation

Develop Operational Plans, Programs, Activities

Gather & Allocate Resources

Conversion of Inputs To Outputs

Evaluate Objective Accomplishment

V. Control

Monitor & Evaluate Outputs

I. Formulating Objectives
Outline of a Strategic Plan

- Executive summary
- Background and mission
- Challenges and opportunities
- Goals
- Objectives (measurable outcomes)
- Target audiences
- Core strategy
- Components for implementing and monitoring strategy:
  - Product and/or service development
  - Managing perceived price
  - Improving access and channels of distribution (place)
  - Promotion (including communication strategy)
  - Partnerships
- Evaluation

U.S. HEALTH PLANNING
## Concerns That Stimulated Health Planning

<table>
<thead>
<tr>
<th>Stage</th>
<th>Time Period</th>
<th>Major Concern</th>
<th>Control</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Sector</td>
<td>1900 to late 1950s</td>
<td>Quality of care</td>
<td>Professional</td>
</tr>
<tr>
<td>Public Sector, Initial Stage</td>
<td>Late 1950s to early 1970s</td>
<td>Access to care</td>
<td>Administrative, grounded in volunteerism</td>
</tr>
<tr>
<td>Public Sector, Advanced Stage</td>
<td>Early 1970s to end of 1970s</td>
<td>Cost containment</td>
<td>Administrative combined with regulation</td>
</tr>
<tr>
<td>Regionalization</td>
<td>1980 to 1994</td>
<td>Managerial efficiency</td>
<td>Market</td>
</tr>
<tr>
<td>Health Reform</td>
<td>1994 -</td>
<td>Access and cost containment</td>
<td>Market, with regulation</td>
</tr>
</tbody>
</table>
Federal Health Planning Initiatives

• Focus on communities
• Area-wide analysis
• Direct resources to best meet community needs
Regional Medical Programs of 1965

• Outgrowth from 1964 Presidential Commission headed by Dr. DeBakey
• Commission charged to develop plan to resolve major causes of death:
  – Heart Disease, Cancer and Stroke
• Recommended establishment of Regional Medical Programs
  – Significant federal funds directed to establish these programs
Regional Medical Programs

• Network of regional centers, local diagnostic and treatment stations, and medical complexes designed to unite
  – Scientific research
  – Medical education
  – Medical care

• Purpose was to put the best, most advanced medical knowledge within the reach of the greatest number of citizens (concentrating on the top three causes of mortality)
RMP Outcome

- AMA protested - inserted language to prohibit interfering with “the patterns or methods of financing of patient care or professional practice”
- Precluded development of nationwide network
- Relied on volunteerism and coordination
- Phased out in early 1970s
National Health Planning and Resource Development Act of 1974

- Federal government provided funds to states to establish State Health Planning and Development Agencies
- Agency’s Purpose - Plan and control the future development of health services, primarily hospitals
- Governors would divide state into planning areas with a Health Systems Agency (HSA) to govern local planning
Health Systems Agency

• Could be public or private, but not educational institution (medical school)
• Collect and analyze data
• Establish long term and short term plans
• Review and approve applications for federal funds for local health programs
• Annually recommend on construction or conversion of medical facilities in area
HSA Tasks

• Improve health of residents in area
• Increase accessibility, accountability, continuity and quality of services
• Restrain cost increases
• Prevent unnecessary duplication of health services
Planning Outcome

• 1979 - Federal guidelines drafted
  – Types and characteristics of health services and health status goals to be achieved through the health planning process

• Eliminated by Reagan administration
  – Inconsistent with New Federalism

• Health status goals - emerged as Healthy People 2000