From What to How: Moving from Planning to Execution

By Tim Shoger and Jay Spence

As healthcare providers are pressured to make major changes to stay competitive and relevant, a cultural shift is needed to execute successfully.

Struggles with strategy execution have been documented for decades, with failure rates of 60-90 percent being common across all industries (Kaplan, R.S. and Norton, D.P., "Creating the Office of Strategy Management," Harvard Business School Faculty Papers, April 2005). Despite recognition of opportunities for improvement and development of more effective implementation techniques, shortcomings persist as many organizations repeat the cycle of developing plans that are not executed or fall short of delivering expected results.

As healthcare providers are pressured to make major changes to stay competitive and relevant, a cultural shift is needed to execute successfully. When the appropriate structure, accountability, and expectation/reward systems are in place to incent execution, hospitals and health system leaders can focus on the strategies and tactics at hand and achieve the anticipated benefits and results from their plans.

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What Makes Strategy Implementation So Challenging?

C-suite executives and their teams face high stakes during strategy execution, including unexpected resource consumption and missed opportunities. The root causes of implementation breakdowns are numerous, but generally fall into these categories:

> Inability to integrate strategy and financial planning considerations into cohesive plans that assign singular accountability
> Failure to prioritize, resulting in overly ambitious plans that fall apart during execution
> Inability to translate strategic goals and objectives into actionable operational initiatives that can be measured and reported, particularly at the cost-center level
> Neglecting to appropriately adapt strategies when situations and markets change
> Failure to devote sufficient resources to execute and sustain the strategy

Many hospital and health system leaders do not have strategy management processes or tools in place to create consistent and repeatable feedback loops that track and provide visibility into all strategic and tactical initiatives that are underway concurrently. Without these monitoring capabilities, leaders lack a holistic view of progress toward goals and objectives and are unable to communicate across the organization about how strategy is connected to daily activities and is being executed according to plan.

No universal remedy is available to cure all of these pain points, but having an accurate, timely, and data-driven view of strategic, financial, clinical, and operational performance against the plan and then using those insights to inform real-time actions and corrections is a major step forward for most organizations.

Taking a Fresh Look at Using Data to Support Execution

Broad, transparent, and timely access to the right data significantly improves healthcare leaders' ability to execute on plans, achieve expected benefits, and sustain momentum when distractions occur. Data and tool approaches that should be used to create real-time and holistic views of financial and strategy performance include the following:

Monitoring outcomes in the context of business goals and objectives. Healthcare executives must set and then monitor appropriate key performance indicators (KPIs) such as cost improvement, revenue growth, service-line profitability, and departmental efficiencies, ideally at the work stream and initiative level to drive accountability. These activities should include monitoring performance target progress and process target progress, such as key milestones and activities.

Aligning leaders around the most strategic activities. To keep execution on track and focused on the highest priorities, executives must ensure that metrics create a clear line of sight between project deliverables and strategic outcomes, and function as the glue between strategic and financial planning. This may require augmenting KPIs with leading/lagging indicators that inform progress and encourage action, when needed. Any metrics that rely on data sets or analyses that are unlikely to generate reliable and actionable insights should be avoided.

Improving feedback loops and accountability. To ensure that when feedback is provided, it prompts appropriate responses, names of leaders should be assigned to projects with the expectation that they are responsible for execution. Rolling out a logical sequence of activities in a disciplined and interconnected way with a regular cadence

of check-ins devoted to reviewing dashboards and scorecards with recent and relevant data are key. In addition, processes must be in place to vet performance improvement opportunities that may surface, but are not addressed directly in the plan, and minimize distractions and disruptions from merger and acquisition activity, new technology, legislation, changing payer strategies, and other issues, unless the event is significant enough to warrant plan adaptation.

Healthcare performance is being evaluated across an increasing number of metrics and measures that are sourced from a broader set of financial, clinical, and operational systems. Strategy management tools play an increasingly important role in making sense of gathered data through executive scorecards and other reports that present performance in the context of an organization's defined strategic goals and business objectives.

When these data-driven strategy management tools are used, transparency and accountability create speed to solution, speed to execution, and competency in execution. And while there may be instances of disruption and regrouping, it will not occur because organizations are repeating activities that fail to produce expected results. Instead, organizations will be able to demonstrate that they are doing what they said they would do, have proof that indeed they did, and can appropriately revise tactics to meet ongoing strategic business objectives. **//**

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