Attributes of Successful Practices

- A “healthy” practice environment.
- Strong and sensible group governance.
- Exercise of financial discipline.
- Service commitment to all stakeholders.
- Commitment to planning and execution.
- Responsive to changing market conditions.

Planning and execution will be key to meeting the practice’s long-term objectives.
The majority of practices do not have strategic plans, and for those that do, a significant percentage fail to implement.

According to a Fortune Magazine survey, 86% of business owners spend less than one hour per month discussing strategy.
Business Discipline

Strategic Thinking vs. Tactical Thinking

There is a time and place for both!

Strategic Thinking

Effective strategic thinking will create perspective and context by addressing several key questions …

Strategic Questions

What do we want the practice to “look” like in a few years?
What types of products or services do we want to emphasize?
How many and what mix of providers do we envision?
What environmental factors may affect our future?
What do we need to do now to maximize our practice opportunity?
In order to think strategically, physicians/administrators must be able to separate themselves from the *emotional* aspects of the present.

Tactical Planning

- Tactical planning should answer...
- ...how short-term initiatives fit within the context of the longer term view.
State of Mind

Successful practices develop a "state of mind" characterized by continually evaluating events in terms of their long-range implications.

Myths Surrounding the Business Planning Process

"Our business environment is changing too rapidly to have any type of plan prove meaningful."

"If we focus on the business side of medicine, we’ll lose focus on patient care."

"Business plans are, or can be, lengthy and cumbersome documents that no one ever reads."

View Planning as a Two-Phase Exercise

Phase

1. Planning and Preparation
2. Action and Evaluation
Planning and Preparation Phase

Develop or Clearly Define the Practice’s Mission (Mission Statement)
Conduct Market/Competitive Analysis
Complete Practice Assessment
Develop/Refine Your Strategy
Develop Goals and Objectives

Planning and Preparation Phase

Defining/Re-Evaluating Your Mission:
The process should not take untold days or weeks of deliberation.
The process should involve answering two key questions:
What are the reasons we are in practice?
What are our professional goals and priorities?

Planning and Preparation Phase

A market/competitive analysis should answer these questions:
What are the major trends of the market (i.e. demographic characteristics)?
What service lines do you offer and what is your market share for each?
Who are your competitors/What is their market share?
What market strategies do they employ?
What do you perceive to be their strengths and weaknesses?
**Forecast of Population by Age**

(\text{in Thousands})

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<th>Year</th>
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<th>35 - 54</th>
<th>55 - 64</th>
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Note: (1) The "National Database" results represent the averages for all practices surveyed by Allergan/BSM Consulting since April 2010.
The goal is to determine how the practice can maximize major market trends, differentiate itself, and create a sustainable competitive advantage.

**Planning and Preparation Phase**

**Keys to effective goal setting include:**
- Consistency with your mission statement. Should be measurable or time specific.
- Majority of practice resources are deployed vs. these projects.
- Performance evaluation is measured based on success in meeting/exceeding these goals.

View Planning as a Two-Phase Exercise

1. Planning and Preparation
2. Action and Evaluation
Action and Evaluation Phase

- Develop implementation plan.
- Define objectives in “actionable” terms.
- Assign an “owner” to each initiative.
- Set forth timelines for completion.
- Evaluate results periodically.
  - Written updates are helpful.
  - Have regular meetings.
  - Integrate with practice budget.

Implementation Tips

- Understand the differences between strategic and tactical thinking.
- Invest the time to develop a clear picture of your future.
- Be diligent in your planning.
- Involve all major stakeholders in the process.
- Take advantage of the “communication window.”

Implementation Tips

- Assign single “owners” to specific plan objectives.
- Tie a compensation element to the overall plan owner.
- Use a written action plan (and update the plan with periodic status changes).
- Supplement an annual planning meeting with quarterly updates.
- Celebrate your accomplishments!
Successful Implementation Requires:

- Strong physician leadership.
- Communication with staff.
- Proper alignment of economic incentives between physicians and with staff.
- Accountability and measurement.

Common Reasons Planning Efforts Fail

- No ownership
- Lack of physician commitment
- Lack of communication
- Mired in the day-to-day
- Plan is overwhelming
- Plan is meaningless
- Strategy discussions are an annual thing
- Lack of progress reports

A practice that plans properly will be able to take full advantage of emerging market trends.
A practice with a strategic plan and a commitment to implementation is ahead of over 90 percent of the competition.

Thank You!

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