The Administrator’s Role in Strategic Planning:

Effective Preparation and Implementation

Maureen Waddle
Partner and Senior Consultant,
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2015 ASCRS•ASOA Symposium & Congress

What is Strategic Planning?

A process that produces a plan for how the practice will accomplish its goals.

The beginning of implementation.

Strategy definition: A plan, method, or series of maneuvers for obtaining a specific goal or result.

Financial Disclosure

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Effective Preparation and Implementation

Presented by:
Maureen Waddle

Maureen is a Partner and Senior Consultant at BSM Consulting. BSM Consulting provides practice management solutions to specialty care providers.
Administrator’s Involved in the Two-Phase Planning Exercise

1. Planning and Preparation
2. Implementation and Evaluation

Meet & Decide

More Traditional Strategy Summary

<table>
<thead>
<tr>
<th>Item</th>
<th>Current</th>
<th>Recommend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vision</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mission</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core Values</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scope of Services/Model</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provider Mix</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Geographic Scope</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand/Position</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3 to 5 Key Imperatives (Examples)

Enhance Customer Service Levels
- Patient wait times not to exceed 15 minutes at any point during visit.
- Patient satisfaction surveys result at or above national database levels for all measures.
- Reduced patient complaints.

Improve Team Development Initiatives
- Improvement in staff satisfaction.
- Improved accuracy in identified areas of measure.
- Staff members able to accomplish personal development plans.
- Achievement of overall practice goals.

More Effectively Deploy Marketing Resources to Achieve our Goals
- Achieve YOY growth goals.
- Measured increase in inquiries during advertising campaigns.
- Reduce marketing expense ratio to 8% by year-end 2012; 5% by YE 2013.
- Increase referrals and improve ROI through targeted initiatives (e.g., OD Networking, community outreach, WOM programs).
### Action Plan

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>PARTY IN CHARGE</th>
<th>RESPONSIBLE PARTY</th>
<th>DUE</th>
<th>STATUS/COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enhance Customer Service Levels</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Time flow study of all patient contact points (calls; appointments; surgery days)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Conduct patient satisfaction surveys</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Identify task force to study results of information and put together plans for improvement</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Identify customer service training requirements</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Incorporate customer service training into on-boarding process</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Key Imperative**

Tactics

Planning and Preparation Phase

The **goal** is to determine how the practice can **maximize** major market trends, **differentiate** itself, and create a sustainable competitive **advantage**.

**Objectives**

- Understand the strategic planning process.
- Plan an effective strategy session.
- Identify and prepare any analysis (e.g., benchmarking, etc.) that may be needed.
- Create, implement, and communicate strategy plans.
Why a Strategic Plan?

To...

… expose and reconcile differing goals.

… be pro-active rather than reactive.

… help prioritize resources and choose between mutually exclusive goals.

… set agreed-upon objectives for practice administration.

… avoid project whiplash.

… set a foundation for department and individual employee goals.

Objectives From Partners

What do the partners expect to get out of a strategic planning session?

Typical Planning Agenda

TODAY’S AGENDA:

- Introductions
- Purpose/Meeting Objectives
- Market Trends/External Forces
- Situation Analysis
- SWOT Analysis
- Prioritize Opportunities/Create Goals
- Create an Action Plan
SWOT Analysis

**Strengths**
- Location
- Population
- Staff Experience
- Control of Managed Care Contracts
- High Market Share
- Realistic Network
- Experience Management

**Weaknesses**
- Aging Providers
- Office Appearance
- High Debt
- Underutilization of Physical Space
- High Expenses
- Poor Systems
- Chronic Processes

**Opportunities**
- Build Out Space
- Add Providers Subspecialists
- Expand Optical
- Open Second Office
-需再确认
- Build Surgery Center
- Add New Services

**Threats**
- Loss of Key Contract
- New Competitor
- Closing of Surgical Facility
- Hospital霞霞
- Loss of Referral Source
- Multi-Specialty Practice adding Ophthalmology

SWOT: The Goal

Honest, data supported, evaluation that will guide you to identifying goals and actions.
Build Off of SWOT

Set goals to:
- Enhance and/or take advantage of your strengths.
- Improve upon or reduce your weaknesses.
- Take advantage of market opportunities.
- Eliminate threats!

Brainstorm the Opportunities

Prioritize Opportunities
- Consistent with Vision
- Greatest Financial Impact (positive)
- Remove Barrier to Get to a Priority Goal
- Ease of Implementation
What information do you need in order to prioritize the opportunities?

Preparation

Gather Information
Market, Industry Analysis
Situation Analysis: Financial, Benchmarking, SWOT
Identify Opportunity/ Prioritize Goals
Develop Action Plan
Implement, Measure

Strategic Planning Process

Prepare → Meet → Do!
Prepare: Gather Information

Global Market Forces
- Demographic trends
- Industry news/changes (e.g., new technology)
- Payer changes (CMS)
- Government forces (e.g., regulations, ACA/ACO)

Local Market Forces
- Local demographic information, growth rates and market share
- Major employers and changes
- Healthcare players (hospitals, ASCs, payers)
- Competitive analysis

Market Trends/External Forces
- National
- Local

Forecast of Population by Age (in Thousands)

<table>
<thead>
<tr>
<th>Age Group</th>
<th>2000</th>
<th>2010</th>
<th>2015</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 44</td>
<td>184,624</td>
<td>189,025</td>
<td>194,792</td>
<td>202,226</td>
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<tr>
<td>45 - 64</td>
<td>62,440</td>
<td>80,890</td>
<td>83,911</td>
<td>84,356</td>
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<tr>
<td>65+</td>
<td>35,061</td>
<td>46,837</td>
<td>54,804</td>
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<tr>
<td>TOTAL</td>
<td>282,125</td>
<td>310,234</td>
<td>341,386</td>
<td>341,386</td>
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</tbody>
</table>

Source: US Census Bureau, Population Division, Interim State Projections of Population
Incidence Rates in Americans Age 40+

Eye Disease Prevalence and Projections
(Adults 40 Years and Older)

<table>
<thead>
<tr>
<th>Disease</th>
<th>2004</th>
<th>Est. 2020</th>
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</thead>
<tbody>
<tr>
<td>Advanced AMD</td>
<td>1.8</td>
<td>30.1</td>
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<tr>
<td>Glaucoma</td>
<td>2.3</td>
<td>2.3</td>
</tr>
<tr>
<td>Diabetic Retinopathy</td>
<td>5.1</td>
<td>7.2</td>
</tr>
<tr>
<td>Cataracts</td>
<td>7.2</td>
<td>9.7</td>
</tr>
</tbody>
</table>

Footnote: *An additional 7.3 million are at substantial risk for vision loss from AMD.

Source: National Eye Institute, 2004 Study.

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Ophthalmologist Trends

Source: DHHS Physician Supply and Demand Projections to 2025.

What about the payer future?

Shifting focus on finding ways to pay for quality and outcomes rather than by individual services.

Changes in access to patients.

Local market hospitals and large practices driving change (approaching insurers).

Reporting requirements to demonstrate quality, satisfaction, and outcome measures.

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Future of Insurance Pay

Patient Satisfaction Surveys
Quality Outcomes Measures
Payment Options Other than FFS

Government/ACOs

<table>
<thead>
<tr>
<th>Your Area Accountable Care Organization Registered with CMS</th>
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<tbody>
<tr>
<td>Name</td>
</tr>
<tr>
<td>Organization</td>
</tr>
</tbody>
</table>

ACOs: What should you do?

- Be aware of local ACOs and connect with the leaders of those organizations if possible.
- Begin to gather data you can use to demonstrate you can deliver quality care at a lower cost.
- Begin to gather patient survey data to prove high satisfaction with your services.
- Look for opportunities to work with other ophthalmic groups to present a united front to ACOs and other entities that control access to patients.
- Ophthalmology represents $1 in $12 (8%) of Medicare expenditures so you can make a difference under these programs.

Be aware of local ACOs and connect with the leaders of those organizations if possible.
Begin to gather data you can use to demonstrate you can deliver quality care at a lower cost.
Begin to gather patient survey data to prove high satisfaction with your services.
Look for opportunities to work with other ophthalmic groups to present a united front to ACOs and other entities that control access to patients.
Ophthalmology represents $1 in $12 (8%) of Medicare expenditures so you can make a difference under these programs.
Local Market Review

Population
- Area volumes
- Market share/attainable goals

Growth Trends
- Expand or contract?
- Where to open a satellite

Industry
- Ability to capture "defined populations"
- Potential threat if industry leaves

Competition
- Measure of threat
- Potential joint venture

Consumer Discussion

The New Breed of Patient

Fast technological and clinical advancements have created a new breed of patient "consumer."
Knowledge pace will continue to increase exponentially (currently doubles every 8 years; prediction is to double every 2 years).

Improving medical technology: diagnostic equipment, surgical equipment, etc.

Consumer driven desire for technology and requirements to utilize systems.

Futurist describe "skill wars".

Sub-specialization
Sharing expenses (consolidation)
Demands for increased efficiency and customer service

What do the trends mean to us?

Keys to Success

Challenge: Demographic Changes

- Aggressively manage physician capacity (improve efficiency)
- Efficiently use physician extenders
### Practice Model Types for Future

<table>
<thead>
<tr>
<th>Practice Model Types for Future</th>
<th>Solo</th>
<th>Group Gen's</th>
<th>Group Single SS</th>
<th>M/SS or OLIED</th>
<th>M/S Clinic</th>
<th>Ref Center</th>
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<tbody>
<tr>
<td>Reimbursements</td>
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<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Pt. Consumerism &amp; Payments</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Expenses</td>
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<td>✓</td>
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<td>✓</td>
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<tr>
<td>Ancillary Revenues</td>
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<tr>
<td>Demand</td>
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<td>✓</td>
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<tr>
<td>Ophthalmologist Time</td>
<td>✓</td>
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<td>✓</td>
<td>✓</td>
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<td>✓</td>
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<tr>
<td>Optometric Care</td>
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<td>✓</td>
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<td>✓</td>
<td>✓</td>
<td>✓</td>
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</table>

### Payer Requirements

<table>
<thead>
<tr>
<th>Payer Requirements</th>
<th>Solo</th>
<th>Group Gen's</th>
<th>Group Single SS</th>
<th>M/SS or OLIED</th>
<th>M/S Clinic</th>
<th>Ref Center</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geographic Coverage</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Quality Reporting</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Patient Satisfaction</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Attract Members</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Cost Containment</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

### Preparation: Situation Analysis
“If I had an hour to solve a problem and my life depended on the solution, I would spend the first 55 minutes determining the proper question to ask, for once I know the proper question, I could solve the problem in less than 5 minutes.”

-Albert Einstein

**Prepare: Gather Information**

<table>
<thead>
<tr>
<th>Surveys</th>
<th>Physicians/Owners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patient satisfaction survey</td>
<td>Objectives for planning session</td>
</tr>
<tr>
<td>Employee satisfaction survey</td>
<td>Critical issues for the practice</td>
</tr>
<tr>
<td>Referring physician survey</td>
<td>Critical issues for the individual doctor</td>
</tr>
</tbody>
</table>

**Self Assessment**

Operating Report Card

- Grade
  - Partner Relationships: 
  - Decision Making: 
  - Relationships with other doctors in the community: 
  - Staff Relationships: 
  - Marketing: 
  - Billing/Accounts Receivable: 
  - Monthly reporting of financial and patient flow numbers: 
  - Quality Assurance, Compliance, Risk Management: 
  - Utilization Efficiency: 
    - Our relationships with healthcare plans: 
    - Patient Satisfaction/customer service: 
    - Diversification of Services: 
    - Facility appearance, size, location: 
    - IT systems: 

Comments:
## Partner Overview

**ABC Eye Care**

**As of Date**

<table>
<thead>
<tr>
<th>First Name</th>
<th>Specialty</th>
<th>Owner</th>
<th>Oculoplastics</th>
<th>% of Revenue</th>
<th>2015 Contact Hours</th>
<th>Visits/Billing</th>
<th>Revenue/Profit</th>
<th>Equipment/Inventory</th>
<th>Age</th>
<th>Spouse</th>
<th>Retired</th>
<th>Years until Retirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joe</td>
<td>Ophthalmology</td>
<td>Yes</td>
<td>15%</td>
<td>35%</td>
<td>350,500</td>
<td>525</td>
<td>550,000</td>
<td>150</td>
<td>65</td>
<td>NA</td>
<td>Yes</td>
<td>15</td>
</tr>
<tr>
<td>Jack</td>
<td>General</td>
<td>Yes</td>
<td>20%</td>
<td>20%</td>
<td>200,000</td>
<td>400</td>
<td>200,000</td>
<td>100</td>
<td>65</td>
<td>NA</td>
<td>Yes</td>
<td>10</td>
</tr>
<tr>
<td>Bill</td>
<td>Cornea</td>
<td>No</td>
<td>10%</td>
<td>10%</td>
<td>100,000</td>
<td>100</td>
<td>100,000</td>
<td>150</td>
<td>65</td>
<td>NA</td>
<td>Yes</td>
<td>5</td>
</tr>
<tr>
<td>Mike</td>
<td>General</td>
<td>No</td>
<td>5%</td>
<td>5%</td>
<td>50,000</td>
<td>50</td>
<td>50,000</td>
<td>50</td>
<td>65</td>
<td>NA</td>
<td>Yes</td>
<td>15</td>
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<tr>
<td>Other</td>
<td>Optometrists</td>
<td>Yes</td>
<td>5%</td>
<td>5%</td>
<td>50,000</td>
<td>50</td>
<td>50,000</td>
<td>50</td>
<td>65</td>
<td>NA</td>
<td>Yes</td>
<td>15</td>
</tr>
</tbody>
</table>

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## Number/Mix of Providers

- How many cataract surgeries?
- Glaucoma, Cornea, LASIK, Oculoplastic?
- Optometrists (extends and vision)
- Others?

---

## Prepare: Gather Information

### Financial
- Revenue history (by location and provider)
- **P&L statements**
- Balance sheets
- Budgets and variances

### Patient Flow
- Number of patient visits
- Number of new patients
- Number of surgeries
Benchmarking: Importance to Strategic Planning

Objective Data With Trends
- Affirm/Reject Subjective Findings
- Identify Strengths and Weaknesses
- Prioritize Opportunities

Prepare Information for Presentation to Owners

Reports of Key Data
Summarize (but have details available)
Use Visuals
- Graphs
- Charts
- Pictures

Benchmarking: Average Visits per Day

<table>
<thead>
<tr>
<th>Year</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
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<tbody>
<tr>
<td>2012</td>
<td>15</td>
<td>20</td>
<td>25</td>
<td>30</td>
<td>35</td>
<td>40</td>
<td>45</td>
<td>50</td>
<td>45</td>
<td>40</td>
<td>35</td>
<td>30</td>
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<tr>
<td>2013</td>
<td>10</td>
<td>15</td>
<td>20</td>
<td>25</td>
<td>30</td>
<td>35</td>
<td>40</td>
<td>45</td>
<td>40</td>
<td>35</td>
<td>30</td>
<td>25</td>
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<tr>
<td>2014</td>
<td>5</td>
<td>10</td>
<td>15</td>
<td>20</td>
<td>25</td>
<td>30</td>
<td>35</td>
<td>40</td>
<td>40</td>
<td>35</td>
<td>30</td>
<td>25</td>
</tr>
</tbody>
</table>

Benchmark Average
Impact of Efficiency Improvement

<table>
<thead>
<tr>
<th>Lay</th>
<th>City</th>
<th>Mo</th>
<th>Arena</th>
<th>Product</th>
<th>Quest</th>
<th>Clar</th>
<th>Fusion</th>
<th>Efficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avg. Revenue Per Visit</td>
<td>$800.00</td>
<td>$770.00</td>
<td>$225.00</td>
<td>$166.00</td>
<td>$404.00</td>
<td>$386.00</td>
<td>$210.00</td>
<td>$175.00</td>
</tr>
<tr>
<td>Avg. Clinic Days Per Mo.</td>
<td>15.0</td>
<td>15.0</td>
<td>16.0</td>
<td>16.0</td>
<td>16.0</td>
<td>16.0</td>
<td>15.0</td>
<td>17.5</td>
</tr>
<tr>
<td>Increase in Averages:</td>
<td>22</td>
<td>12</td>
<td>23</td>
<td>24</td>
<td>27</td>
<td>28</td>
<td>16</td>
<td>24</td>
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<tr>
<td>Increase in Averages:</td>
<td>2</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
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<tr>
<td>Increase in Averages of visits</td>
<td>100</td>
<td>81</td>
<td>104</td>
<td>125</td>
<td>131</td>
<td>133</td>
<td>121</td>
<td>130</td>
</tr>
</tbody>
</table>

Annual Increase in Revenues | $76,800 | $146,064 | $86,400 | $72,576 | $135,744 | $124,416 | $129,504 | $166,080 | $91,980 | $937,584

Sample Analysis: The Economic Viability of Femtosecond Laser

<table>
<thead>
<tr>
<th>Procedures Per Year</th>
<th>Femtosecond Laser</th>
<th>Break-Even Analysis Model 1</th>
<th>Revenue</th>
<th>Costs</th>
<th>Femtosecond Laser</th>
<th>Break-Even Analysis Model 2</th>
<th>Revenue</th>
<th>Costs</th>
<th>Femtosecond Laser</th>
<th>Break-Even Analysis Model 3</th>
<th>Revenue</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedures Per Year</td>
<td>$7,000</td>
<td>$11,500</td>
<td>$5,000</td>
<td>$4,000</td>
<td>$7,000</td>
<td>$11,500</td>
<td>$5,000</td>
<td>$4,000</td>
<td>$7,000</td>
<td>$11,500</td>
<td>$5,000</td>
<td>$4,000</td>
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<tr>
<td>Total Annual Costs</td>
<td>$239,710</td>
<td>$243,710</td>
<td>$243,710</td>
<td>$243,710</td>
<td>$243,710</td>
<td>$243,710</td>
<td>$243,710</td>
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<td>$243,710</td>
<td>$243,710</td>
<td>$243,710</td>
<td>$243,710</td>
</tr>
</tbody>
</table>

*The numbers shown in the example are for demonstration purposes only.
Meeting

Provide good information/have honest discussion

Review and vet opportunities

Agree on communication and “ownership”

Action Plan

<table>
<thead>
<tr>
<th>Description</th>
<th>Partner in Charge</th>
<th>Responsible Party</th>
<th>Due</th>
<th>Status / Comments</th>
</tr>
</thead>
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<tr>
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Implement and Evaluate
**Ensure Successful Implementation**

**Plans Fail**
- No ownership
- Lack of physician commitment
- Lack of communication
- Plan is overwhelming
- Strategy discussions only occur on an annual basis
- Lack of progress reports

**Avoid the Pitfalls**
- Designate owner for each item
- Engage physicians: Make sure it's their plan
- Use action plan and other measure to provide status updates
- Only 3-5 imperatives
- Strategy discussion in emails and at meetings
- Incorporate strategic measures into scorecard reports
- Celebrate milestones!
- Consider tying incentives to achievement

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**Attributes of Successful Practices**

**Commitment to Planning and Execution**

- Pleasant Work Environment
- Service Commitment
- Exercise of Financial Discipline
- Alignment of Leaders

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Any questions?
A practice with a strategic plan and a commitment to implementation is ahead of over 90 percent of the competition.

Thanks for participating!

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