STRATEGIC MANAGEMENT OF HEALTH CARE ORGANIZATIONS 7TH EDITION
Chapter 10

Communicating The Strategy and Developing Action Plans
Chapter 10 Learning Objectives

1. Describe the interrelationship among situation analysis, strategy formulation, value adding service delivery and support strategies, and action plans.
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2. Understand the manner in which strategies are translated into action plans.
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2. Understand the manner in which strategies are translated into action plans.

3. List the components of an action plan and explain the function of each component.

4. Cite some reasons that cause strategies to be difficult to implement in health care organizations.
Chapter 10 Learning Objectives

5. Suggest some effective ways to overcome barriers to the implementation of strategies.
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6. Understand the need for contingency planning and know when contingency plans should be undertaken.
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6. Understand the need for contingency planning and know when contingency plans should be undertaken.

7. Relate the map and the compass metaphor to strategic thinking, strategic planning, and managing the strategic momentum.
The Strategic Planning Process

Strategic Planning

Situation Analysis
- External Analysis
- Internal Analysis
- Directional Strategies

Strategy Formulation
- Directional Strategies
- Adaptive Strategies
- Market Entry Strategies
- Competitive Strategies

Planning the Implementation
- Service Delivery Strategies
- Support Strategies
- Action Plans
Strategic Thinking Map
Hierarchy of Strategic Decisions and Alternatives

Directional Strategies
- Mission
  - Expansion of Scope
    - Diversification
  - Vision
    - Vertical Integration
  - Values
    - Market Development
  - Goals
    - Product Development
    - Penetration

Adaptive Strategies
- Contraction of Scope
  - Divestiture
  - Liquidation
  - Harvesting
  - Retrenchment
- Maintenance of Scope
  - Enhancement
  - Status Quo

Market Entry Strategies
- Purchase
  - Acquisition
  - Licensing
  - Venture capital investment

Competitive Strategies
- Strategic Posture
  - Defender
  - Prospector
  - Analyzer
  - (Reactor)

Implementation Strategies
- Service Delivery
  - Pre-service
  - Point-of-service
  - After-service
- Support
  - Culture
  - Structure
  - Strategic resources
- Unit Action Plans
  - Objectives
  - Actions
  - Timelines
  - Responsibilities
Logic for Implementation Strategies

E nds
- Directional Strategies
- Adaptive Strategies
- Market Entry Strategies
- Competitive Strategies

M eans
- Value Adding Strategies

Service Delivery Strategies
- Pre-Service
- Point-of-Service
- After-Service

Support Strategies
- Organizational Culture
- Organizational Structure
- Strategic Resources

Action Plans
- Objectives
- Actions
- Timelines
- Responsibilities
Implementation Outcomes

- Identify actions to achieve objectives
Implementation Outcomes

- Identify actions to achieve objectives
- Develop timelines for actions
Implementation Outcomes

- Identify actions to achieve objectives
- Develop timelines for actions
- Assign responsibility for actions
Implementation Outcomes

- Identify actions to achieve objectives
- Develop timelines for actions
- Assign responsibility for actions
- Assign reporting responsibility
# Action Plans

- **Objective Statement**

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Strategic Management Paradoxes

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- Strategic management is a top-down, bottom-up process.
- Strategic management is a democratic process where the boss is in control.
- Strategic management is an organized messy process.
- It is about the big picture emphasizing the details.
People cannot perform strategic management until they understand the process and people can’t understand the process until they perform strategic management.
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- Everybody wants a strategic plan but it’s the process that is important.
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- Everybody wants a strategic plan but it’s the process that is important.
- Strategic management concerns effectiveness and efficiency.
- Strategic management controls and empowers.
Strategic Management Paradoxes

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- The rules for success are written outside the organization (in the environment) but competitive advantage is created inside the organization.
- Managers seek quantifiable data but strategic management is basically a qualitative art.
- Strategic management is a philosophy but has techniques.
Managing Strategic Momentum
Evaluating Action Plans

1. Has the organization’s overall strategy been well communicated to all members of the organizational units?

2. Do the organizational units have the resources required for successful implementation of the strategy?

3. Is there a high level of commitment to the strategy within the organizational unit?

4. Has the organizational unit developed action plans, including realistic objectives, timelines, responsibilities, and budgets?
5. Are the unit objectives consistent and compatible with the strategy?

6. Do the organizational units have the managerial and employee capabilities required for successfully implementing the organization’s strategy?

7. Do the combined action plans accomplish the overall strategies of the organization?
Learning through Change and Maintenance Strategies Affect Strategic Thinking and Planning

**Strategic Planning**

- Situation Analysis
  - External Analysis
  - Internal Analysis
  - Directional Strategies

- Strategy Formulation
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  - Market Entry Strategies
  - Competitive Strategies

- Planning the Implementation
  - Service Delivery Strategies
  - Support Strategies
  - Action Plans

**Managing Strategic Momentum**

- Managerial Action
- Strategy Evaluation
- Emergent Learning
- Re-initiate Strategic Thinking

**Strategic Thinking**

- External Orientation
- Analyze data
- Question Assumptions
- Generate New Ideas
The Dos and Don’ts of Strategic Management

Do:

- Understand that strategic management is a philosophy not just a technique.
- Remember that the process (strategic thinking) is more important than the product (the plan).
- Involve everyone possible in the process to ensure ownership.
The Dos and Don’ts of Strategic Management

Do:

- Realize that identifying the external issues is an essential task.
- Expect that it is really hard work and may take years for folks to think strategically.
- Remember it’s about renewal. Be ready to learn, rethink, re-invent, and create.
- Expect the process to be exciting and challenging.
The Dos and Don’ts of Strategic Management

Don’t:

- Expect it to be the “magic bullet.”
- Expect it to work without full commitment from top management.
- Rely only on consultant, outsiders, or a small staff group.
- Expect that everyone will understand it at first (people learn by doing).
The Dos and Don’ts of Strategic Management

Don’t:

- Expect immediate results. It may mean a fundamental change.
- Follow the process blindly (we need both a map and compass).
- Expect that your organization will survive without change.
Chapter 10 Conclusions

After reading Chapter 10, you should be able to define the following terms:

<table>
<thead>
<tr>
<th>Key Terms</th>
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<tbody>
<tr>
<td>Action Plan</td>
<td>Objectives</td>
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<td>Balanced Scorecard</td>
<td>Paradoxes of Strategic Management</td>
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<td>Contingency Planning</td>
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