

STRATEGIC MODEL OF MANAGING HEALTHCARE FACILITIES

Safonov Yu. M.,

Doctor of Economic Sciences, Professor
of Macroeconomics and public administration Department
Kyiv National Economic University named after Vadym Hetman

Borshch V. I.,

PhD in Economics, associate professor
of Management and innovations Department
Odessa I. I. Mechnikov National University

Abstract

The purpose of this paper is to research the strategic planning process at the healthcare facilities. Planning and implementation of the strategy of the healthcare facility is the key step for its further success. The paper categorizes the main issues of the strategic management at the healthcare facility and gives the common steps of strategic planning. It analyses the common tools of strategic management in the healthcare sphere and shows the possible tools, which can be used by its facilities.

Key words: health care, healthcare facility, strategic management, managerial staff.

1. Introduction

Nowadays modern healthcare facilities are facing a great problem of improving their strategy focused on, on the one hand, maximizing value for patients by obtaining the best outcomes at lowest cost and moving from a physician-centred organization to an “organization-driven” care process on the other.

However, healthcare system as a complex system is typically conservative and rather

resistant to change. The challenge is that doctors have to be central players in the healthcare revolution and any strategy that they do not embrace will fail. Certainly, a piecemeal approach will not work. Engaging doctors in transforming the system requires focusing on shared goals, by using motivational tools: shared purpose, peer pressure, measuring performance, and enhancing a patient-centred approach.

2. Planning a strategy

Developing a strategy for healthcare organizations is not a simple task, it requires full understanding of the current market challenges, evaluation of customer satisfaction, evaluation of current operations, assessment of the quality of services. The strategy starts with the organizational leadership vision, and values statement, followed by development of objectives and devising a plan to the implementation of the means to achieve these objectives.

The first step is the vision of the leadership, vision states the future where the organization wants to be at the said time driven by values which covers the accountability, continuous improvement, customer driven services, and the quality of the services provided.

Development of a management process for our organization is practically a Plan Do Check Act (PDCA) cycle and it goes through five Phases:

Plan

Phase I: Gather, analyze and review the key business data.

Phase II: Policy Deployment.

Do

Phase III: Use the Policy deployment results to select and implement appropriate projects and other improvement activities.

Check

Phase IV: Monitor progress through inquiry and review.

Act

Phase V: Gather and analyze feedback, integrate the lesson learned.

“Plan” is phase I. This phase includes the feed back to the organization from different resources, e.g. Customers complaints, processes failure, stakeholders remarks, employees feedback, and the market place surveys. This data will identify the key business-related aspects of healthcare and provide clear picture on how the organization is performing, also it will highlight areas of strength and weaknesses in the organization.

Phase II: Objectives of the organization will be driven from the work atmosphere and the feedback of the working staff discussing their problems and proposing solutions for these problems. To obtain these objectives the leadership has to go through the process of Policy Deployment.

Policy Deployment was borrowed from the Japanese and the name itself isn't likely to tell a great deal about it. Policy Deployment is a simple straightforward process, which provides a powerful structure to communicate to your organization through the use of facts and data, the direction you want to move your organization.

Policy Deployment creates the structure to set strategic objectives, both short-term (one to two years) and longer term (five to seven years), however, in healthcare we can't go that far with our strategic planning, where the changes in healthcare is quite drastic and maximum 5 years plan will be more than we can go for. Policy Deployment compels your organization through the use of facts and data to develop very specific plans and projects to meet those objectives.

Policy Deployment process can be organized in the following manner:

1. Executives request all managers to submit a list of problem area.
2. Managers request their staff to find out what their problems were.
3. List of problems and areas of improvements are passed to the Policy Deployment Committee.
4. Executives will carry on their own assessment and surveys to evaluate customer's satisfaction.
5. All the information gathered plus the staff problems list and areas of improvement is passed to the PD committee, which is made up of senior management.
6. Policy Deployment committee along with an executive committee formulates the fundamental objectives of the organization.
7. Organizational objectives will be formulated based on the final outcome of the Policy Deployment process.

“Do” is the phase III: The results of Policy Deployment will be reflected not only in setting the organizational objectives but it will be expressed in projects and other improvement activities. Therefore, Phase III puts organization and infrastructure around the output of Phase II. It will describe Who, Will do what, by when, and for What purpose, with What linkage to the

system etc.

“Check” is the phase IV. Management efforts are now aimed at the following:

- Keep activities focused on the selected themes.
- Discourage dissipating energies with other legitimate but unsolicited goals and strategies.
- Encourage persistence; continue to demonstrate management interest and support.
- Support the use of data and logic. Discourage careless short –cuts and reliance on opinion data.
- Extract and organize the learning, which continuously occurs in each effort. Redirect these learning back into the system.

“Act” is the phase V. Management reviews feedback on the results of the different projects and process improvement efforts. This will allow the management to assess the progress made, and accept or reject the recommended changes based on the results. Data collected will give the organization the strength to make changes and modification of its operational system based on facts and data.

Planning the strategy for medical facilities starts by vision, however, assessment of current operational functions and evaluating your organization performance is the key to establishing efficient objectives. It will point out points of strength and weaknesses that will be an asset in devising objectives. Data gathered through the process of Policy Deployment will be of great value in shaping future look of medical facility.

But nevertheless, strategic management process at the healthcare facility could be limited by the following conditions:

- a) healthcare facility has to build a well-organized system of internal information;
- b) it must determine correctly its future position and use all available sources of knowledge and possibilities to influence the environment;
- c) it must determine correctly the internal conditions of implementing the strategy and available resources;
- d) it must have key indicators of the success of its activity;

- e) healthcare facility management must have the support of its staff for the introduced strategy;
- f) it must provide the ongoing supervision and monitoring a progress of implementing the strategy and its realization with the correct feedback.

This guarantees the success of planning a strategy and, also, its realization and reduces the risk of future failure (Abdulaziz, 2015).

3. Strategic management at the modern healthcare facility

According to (Jaworzynska, 2017), in the highly developed countries more than 71.4 % of healthcare facilities develop strategic plans. In contrast, in Ukraine less than 10 % of healthcare facilities have strategic plan and it is most common for private healthcare sector: public healthcare facilities have never used strategic planning in their management in Ukraine.

The most important tool that enables the design of adequate strategic plans is the appropriate diagnosis of the healthcare facility, which includes internal and external factors. This applies both to the general and target environment – institutions and organizations directly cooperating with the hospital, which includes, e.g., healthcare payers.

The most common tool used in strategic management is the analysis of strengths and weaknesses (64.2% of healthcare facilities all over the world use it). The *SWOT analysis* makes it possible to determine through further analyses how to use strengths of the facility to take advantage of opportunities emerging in the environment, and what to do to improve weaknesses.

Another common tool in strategic management is the *break-even point analysis*. Few health facilities carry out the *PEST analysis* (14.3% of world healthcare facilities), which helps to identify the main factors affecting the functioning of the healthcare sector in each of the spheres: political, economic, social and technological. None of the surveyed health care facilities applies the *balanced scorecard*. This may indicate a relatively low knowledge of this tool among healthcare managers.

As it was above said, the strategic analysis begins with an analysis of the external environment and the analysis of the healthcare facility. The results of this analysis provide the basis for determining the mission and goals of the health care facility, and these, in turn, are used to determine the strategy.

The strategy of a health care facility is based largely on shaping the relationship between the organization and the environment, which requires the determination of its long-term goals.

The environment of the healthcare facility has a very large impact on its functioning. Market conditions, under which healthcare facilities operated, forced these entities to apply constant changes and systematic actions to adapt to new criteria of the functioning in the environment. Under such variable conditions, it is very difficult to operate and plan any measures to improve efficiency and profitability because the possible consequences on the facility resulting from the present and future changes in the environment cannot be fully predicted.

After conducting strategic analysis, the next stage is to formulate the mission and goals of the organization based on the analysis. To implement financial and strategic plans, actions should be taken based on targets defined by healthcare facilities. The overall goal of the operation of the healthcare facility is expressed in its mission. In practice, not all health care facilities formulate its mission. Defining the proper mission, adequate to market opportunities, may be an element of competitive advantage in the market of medical services. The next step is determining goals and objectives, and then defining strategies to achieve and implement them.

The most common goals of healthcare facilities in their statutes:

- providing patients with high-quality medical services with full respect for the rights of the patient;
- development of medical activities of healthcare facilities by extending the scope, increasing the availability and number of provided medical services, particularly outpatient services and short-stay hospitalizations;
- maintaining mutual respect and trust with partners;
- ensuring security in the environments of healthcare facilities by knowingly managed risk;
- efficient and environmentally friendly management of resources;
- providing employees with a safe working environment, conditions for professional development and a sense of belonging and responsibility in the creation of the position and image of the healthcare facility;
- fulfilling legal requirements.

Goals can be achieved taking required actions and using specific resources. This involves the implementation of the strategy. The current strategy can have a physical and financial aspect.

Health care facilities should consider how to translate their strategy into action. The strategic scorecard and the strategy map are helpful tools.

At the end, we have emphasize, that strategic planning at the healthcare facility is one of the most important procedures, that influence the quality of managerial processes, efficiency of the facility and process of service delivery. It must be the reference point for all managerial processes, which are taking place in healthcare facility.

References

1. Abdulaziz S. (2015). *Strategic management of Healthcare Organizations*.

Retrieved from:

https://www.researchgate.net/publication/276019548_Strategic_management_of_Healthcare_Organizations

2. (2018) *Ideal hospital realization and maintenance framework manual*. Department of health, Pretoria.
3. Jaworzynska M. (2017) Using tools of strategic management in medical facilities of Lublin region. *Engineering Management in Production and Services*, Vol. 9, Issue 2, 82-89.
4. Nasiri F., Moselhi O. (2017). Healthcare facilities maintenance management: a literature review. *Journal of Facilities Management*, Vol. 5, No 4, 1-24.