STRATEGIC PLANNING

The Most Critical Success Factor, But Few Embrace

PRESENTED BY
Philip Isham | COE, OCS
DISCLOSURES

OWNERSHIP INTERESTS
• ECP Advisor Group, LLC

CONSULTANT FEES
• The Kinetix Group
STRATEGIC PLANNING

STRATEGIC PLANNING CONCEPTS

• What is the purpose of strategic planning?
• Strategic models for ophthalmology practices.
• Potential growth strategies.

TRENDS AFFECTING PRACTICES

STRATEGIC PLANNING PROCESS
MISALIGNMENT - COMMON SCENARIO?

A practice has 3 doctors, all very busy

1. One doctor wants to hire another physician to help carry the overhead burden

2. Another doctor thinks that a managed care plan with very low reimbursement should be dropped

3. The third doctor has been pushing to open a satellite office near OD referrals
ATTRIBUTES OF SUCCESSFUL PRACTICES

Collaborative relationships with all healthcare stakeholders

A “healthy” practice environment

Strong and sensible group governance

Responsive to changing market dynamics

Exercise of financial discipline

Service commitment to all stakeholders

Commitment to planning and execution
WHAT IS STRATEGIC PLANNING?

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

1. The beginning of implementation
WHY ENGAGE IN STRATEGIC PLANNING?

To expose and **reconcile** differing goals

To be **pro-active** rather than reactive

To help **prioritize** resources and choose between mutually exclusive goals

To set **agreed-upon** objectives for practice administration

To avoid **project whiplash**

To set a foundation for department and individual employee **goals**
PROCESS OF DISCIPLINED THINKING

Practice Vision and Mission
Why do we exist?

Overall Practice Imperatives
What goals will help us serve our mission?

Strategy
What is our plan for accomplishing our imperatives?

Department and Individual Goals
What can our employees do to help reach practice goals?

Assignments
Who is going to be in charge of which tactics?

Tactics
What actions do we need to take to fulfill our strategy?
STRATEGIC VS. TACTICAL

Group Comprehensive Practice
Should we add a retina specialist?

Multi-Subspeciality Practice with Retina
Should we add a retina specialist?

Strategic

Tactical
STRATEGIC QUESTIONS

What should be our scope of services?
- Products and services offered
- Number and mix of providers

What do you want your practice to look like in the future?

What do we want our brand to be?
- Position in the minds of customers

What should be our geographic scope?
- Number and mix of physical locations

What environmental factors and trends do we need to deal with?

What actions are required to maximize our practice opportunity?
SWOT

STRENGTHS & WEAKNESSES
• Internal
• Practice-specific dynamics

OPPORTUNITIES & THREATS
• External
• Market conditions / events

SWOT chart
STRATEGIC PLANNING QUESTIONNAIRE

Please complete this brief questionnaire and e-mail to philip@ecpadvisorgroup.com

What do you think are the three key reasons your practice has been successful to date?
1.
2.
3.

What do you perceive is/are the greatest threat(s) to the future of your practice?

Regardless of what your current mission statement says, what do you believe is the primary purpose of your practice?

Please list your goals for your personal work:
1.
2.
3.

Please list the primary objectives you hope to achieve during our meeting.
1.
2.
3.
NINE BASIC STRATEGIC MODELS

COMPREHENSIVE SOLO

- Comprehensive Group
  - Multi-Subspecialty Group
    - Multi-Subspecialty Academic
- Subspecialty Solo
  - Subspecialty Group
- Referral Center
  - Multi-Specialty Clinic
  - OD/MD Practice
## SCOPE OF SERVICES

<table>
<thead>
<tr>
<th>Model</th>
<th>Types of Providers</th>
<th># of Providers</th>
<th>Ancillary Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solo Comprehensive</td>
<td>General Ophthalmologist</td>
<td>1</td>
<td>Optical, ASC, Testing</td>
</tr>
<tr>
<td>Group Comprehensive</td>
<td>General Ophthalmologists</td>
<td>2+</td>
<td>Optical, ASC, Testing</td>
</tr>
<tr>
<td>Group Multi-Subspecialty</td>
<td>General and Subspecialists</td>
<td>2+</td>
<td>Optical, ASC, Testing, Other</td>
</tr>
<tr>
<td>Academic</td>
<td>General and Subspecialists</td>
<td>Many</td>
<td>Optical, Testing, Other</td>
</tr>
<tr>
<td>Solo Subspecialist</td>
<td>Subspecialty</td>
<td>1</td>
<td>Testing, Other; Optical Possible; ASC</td>
</tr>
<tr>
<td>Group Subspecialty</td>
<td>One Subspecialty</td>
<td>2+</td>
<td>Testing, Other; Optical Possible; ASC</td>
</tr>
<tr>
<td>Referral Center or OD/MD Practice</td>
<td>Surgical Specialist</td>
<td>1+</td>
<td>ASC, Testing; No Optical</td>
</tr>
<tr>
<td>Multi-Specialty Clinic</td>
<td>Primary Care Through Surgeons</td>
<td>Many</td>
<td>ASC, Optical, Testing, Imaging, etc.</td>
</tr>
</tbody>
</table>

14
Strategic Planning Workbook

Please place a check in the appropriate box based on your perspective of the practice. Check all that apply:

<table>
<thead>
<tr>
<th>Strategic Model</th>
<th>Which We Are Now</th>
<th>Which We Should Be in the Future</th>
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</thead>
<tbody>
<tr>
<td>Comprehensive Solo</td>
<td></td>
<td></td>
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<tr>
<td>Comprehensive Group</td>
<td></td>
<td></td>
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<tr>
<td>Multi-specialty Group</td>
<td></td>
<td></td>
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<tr>
<td>Multi-subspecialty Academic</td>
<td></td>
<td></td>
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<tr>
<td>Subspecialty Solo</td>
<td></td>
<td></td>
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<tr>
<td>Subspecialty Group</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Referral Center</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multi-specialty Clinic</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OD/MD Practice</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Service</th>
<th>Which Services Do We Provide Now?</th>
<th>Which Services Should We Provide in the Future?</th>
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</thead>
<tbody>
<tr>
<td>General Ophthalmology</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cataract Surgery</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Refractive Laser Surgery</td>
<td></td>
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<tr>
<td>Premium IOLs</td>
<td></td>
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<tr>
<td>Retina</td>
<td></td>
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<tr>
<td>Glaucoma</td>
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<td>Oculoplastics</td>
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<td>Cornea</td>
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<tr>
<td>Pediatric Ophthalmology</td>
<td></td>
<td></td>
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<tr>
<td>Neuro-ophthalmology</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
GEOGRAPHIC SCOPE

- Where do current patients live/work?
- What shifts in population are occurring (age, location)?
- Are there opportunities to capture more patients with a different or additional location?
- Where are health systems, ACOs, and PCP groups located?
- Are there strategic reasons to move or add a location?
- Should the additional location be stand alone, shared space, joint venture?
- What does a new location feasibility analysis tell us?
GEOGRAPHIC SCOPE

75%

The typical metropolitan/suburban general practice gets about 75% of its patients from about a 6 mile radius.

Rural practices might have a 60 miles radius.

Urban practices (NYC) might have a 6 block radius.

You can determine your own radius.
Population centers are like magnets for medical care; the larger the population, the more patients tend to go there for care.

Larger magnets tend to have a stronger attraction.

Patients tend to go in the same direction as they do for other activities such as shopping.

Patients avoid natural barriers such as bridges.
IC Clearly Locations & Surgery Centers

Distance From ASC

<table>
<thead>
<tr>
<th>Center</th>
<th>Distance (Miles)</th>
<th>Travel Time</th>
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</thead>
<tbody>
<tr>
<td>Ann Arbor</td>
<td>36.7</td>
<td>41 Minutes</td>
</tr>
<tr>
<td>Battle Creek</td>
<td>44</td>
<td>45 Minutes</td>
</tr>
<tr>
<td>Chelsea</td>
<td>20.4</td>
<td>21 Minutes</td>
</tr>
<tr>
<td>Jackson</td>
<td>4.7</td>
<td>10 Minutes</td>
</tr>
<tr>
<td>Jackson – Retina</td>
<td>4.3</td>
<td>9 Minutes</td>
</tr>
<tr>
<td>Lansing</td>
<td>39.5</td>
<td>37 Minutes</td>
</tr>
<tr>
<td>Portage</td>
<td>68</td>
<td>1 Hour 4 Minutes</td>
</tr>
<tr>
<td>West Bloomfield</td>
<td>67</td>
<td>1 Hour 8 Minutes</td>
</tr>
</tbody>
</table>
WHAT BRAND (POSITION) DOES YOUR PRACTICE WANT IN THE MINDS OF ITS STAKEHOLDERS?

- Caring, family atmosphere
- Highly skilled physicians
- Advanced technology
- “One stop shop”
- Place to go for difficult problems
- Specialist in one area of the eye
- Choice of other doctors
- Convenient locations/processes
- Most affordable care
### WHAT POSITIONS ARE MOST COMPATIBLE WITH WHICH STRATEGIC MODEL?

<table>
<thead>
<tr>
<th>Strategic Model</th>
<th>Positions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solo Comprehensive</td>
<td>Caring, family atmosphere</td>
</tr>
<tr>
<td>Group Comprehensive</td>
<td>Caring, family atmosphere, highly skilled doctors</td>
</tr>
<tr>
<td>Solo Specialist</td>
<td>Specialty care, choice of other doctors</td>
</tr>
<tr>
<td>Group Specialist</td>
<td>Specialty care, advanced technology, choice of other doctors</td>
</tr>
<tr>
<td>Multi-Subspecialty</td>
<td>Advanced technology, “One Stop Shop”</td>
</tr>
<tr>
<td>Referral Center</td>
<td>Surgical specialist, choice of other doctors</td>
</tr>
<tr>
<td>Academic</td>
<td>Place to go for difficult problems, highly skilled doctors</td>
</tr>
<tr>
<td>Multispecialty Clinic</td>
<td>“One Stop Shop”</td>
</tr>
</tbody>
</table>
TRENDS AFFECTING PRACTICES

1. Downward pressure on reimbursements
2. Business complexity: Increasing costs
3. Increasing demand for care (baby boomers)
4. Supply / demand: ophthalmologists
5. Consumer/patient pay shift: HDHP, ATIOLs
6. More “savvy” patients
7. EMR and other technology
8. Shifting referral patterns
9. Practice consolidation
10. Legislative forces: Triple Aim, MACRA/MIPS
Legislative & Market Forces

Healthcare reform legislation has required ECPs to:

- Increase the amount and quality of reporting
- Produce high patient satisfaction scores
- Manage costs/resources effectively
- Shift from a volume-based model to a value-based model
- Re-engage provider relationships

Consolidation among healthcare stakeholders

Shifting referral patterns

Reduce costs
- Resource allocation
- Waste reduction initiatives
- Value-based rewards

Improve experience
- Improved outcomes
- Patient experience
- Patient engagement
- Patient journey

Improve health of populations
- Patient registry/IRIS
- Diagnostic screenings
- Wellness exams
- EHR implementation
- Data analytics

EHR = electronic health records
IRIS = Intelligent Research in Sight
Number* of Persons 65+ in the U.S. from 1900 – 2030**

* Numbers in millions

** Source: U.S. Bureau of the Census
PHYSICIAN SUPPLY MAY TIGHTEN

1. Level Residency Positions
2. Retiring Ophthalmologists
3. Changed Priorities Of New Physicians
4. Increasing Patient Numbers

MAY EQUAL

Much Busier Practice
INCREASING NEED FOR RESOURCES / INVESTMENT

Technology
- Clinical
- Operational

Talent & Expertise
- Strategic/Business acumen
- Compliance/Regulatory
- RCM
- Payer/SoC acumen

Facility & Service Upgrades
- Better Flow
- Strategic Positioning
- Growth in # of Providers
- Addition of Ancillary Services
PUTTING IT ALL TOGETHER

Creating and implementing a successful strategic plan that defines the practice in the context of our current environment.
THE STRATEGIC PLANNING PROCESS

1. Prepare
2. Meet
3. Decide
4. Develop
5. Implement
PREPARE | GATHER INFORMATION

- Patient/Employee satisfaction survey
- Referring physician survey
- Financial information/benchmarking data
- Owner survey
  - Critical issues for the practice
  - Critical issues for the individual doctor
  - Expected results from the strategic planning process
  - Priorities
  - Work commitments for subsequent years
On a scale of 1 to 10, 10 being the best it could be, please rate the effectiveness of the various aspects of your current practice.

<table>
<thead>
<tr>
<th>Category</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust relationships between/among IC Clearly partner physicians</td>
<td></td>
</tr>
<tr>
<td>Ownership structure – IC Clearly</td>
<td></td>
</tr>
<tr>
<td>Compensation structure for IC Clearly partners</td>
<td></td>
</tr>
<tr>
<td>Corporate governance – how IC Clearly makes decisions in the practice</td>
<td></td>
</tr>
<tr>
<td>Staff relationships – Physicians with staff / care extenders</td>
<td></td>
</tr>
<tr>
<td>Staff relationships – Staff to staff</td>
<td></td>
</tr>
<tr>
<td>Billing/Accounts receivable &amp; collections</td>
<td></td>
</tr>
<tr>
<td>Execution to strategic plan (Implementation)</td>
<td></td>
</tr>
<tr>
<td>Relationships with other doctors (MDs - OPH) in the community</td>
<td></td>
</tr>
<tr>
<td>Relationships with other doctors (MDs – non-eyecare) in the community</td>
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</tr>
<tr>
<td>Relationships with optometrists (referral and otherwise)</td>
<td></td>
</tr>
<tr>
<td>Marketing our practice</td>
<td></td>
</tr>
<tr>
<td>Monthly reporting of financial, productivity, and efficiency metrics for the practice</td>
<td></td>
</tr>
<tr>
<td>Coding and chart documentation</td>
<td></td>
</tr>
<tr>
<td>Clinical efficiency within the practice</td>
<td></td>
</tr>
<tr>
<td>Front office and billing efficiency within the practice</td>
<td></td>
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<tr>
<td>RGB relationships with healthcare plans (relationship management of payers contacts)</td>
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<tr>
<td>Reimbursement levels</td>
<td></td>
</tr>
<tr>
<td>Government regulations – are we complying?</td>
<td></td>
</tr>
<tr>
<td>Patient Satisfaction / customer service</td>
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</tr>
<tr>
<td>Convenient location(s) for patients</td>
<td></td>
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<tr>
<td>Providing the right services to meet patient demand?</td>
<td></td>
</tr>
<tr>
<td>Facility appearance convey practice image?</td>
<td></td>
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<tr>
<td>IT systems</td>
<td></td>
</tr>
<tr>
<td>Other (please explain):</td>
<td></td>
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<tr>
<td>Rated Practice Areas</td>
<td>Partner 1</td>
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<tr>
<td>----------------------------------------------------------</td>
<td>-----------</td>
</tr>
<tr>
<td>Trust relationships between/among partner physicians</td>
<td>5</td>
</tr>
<tr>
<td>Ownership structure</td>
<td>5</td>
</tr>
<tr>
<td>Compensation structure for partners</td>
<td>5</td>
</tr>
<tr>
<td>Corporate governance - how partners make decisions</td>
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<tr>
<td>Staff relationships - MDs w/ staff</td>
<td>9</td>
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<tr>
<td>Staff relationships - Staff to staff</td>
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<tr>
<td>Billing/accounts receivable &amp; collections</td>
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<tr>
<td>Execution to strategic plan (implementation)</td>
<td>N/A</td>
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<td>Relationship with other doctors (MDs-OPHs) in the community</td>
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<tr>
<td>Relationship with other doctors (MDs-non-eyecare) in the community</td>
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<tr>
<td>Relationships with optometrists (referral and otherwise)</td>
<td>9</td>
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<tr>
<td>Marketing our practice</td>
<td>6</td>
</tr>
<tr>
<td>Monthly reporting of financial and patient flow numbers</td>
<td>4</td>
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<tr>
<td>Coding and chart documentation</td>
<td>4</td>
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<tr>
<td>Clinical efficiency within the practice</td>
<td>9</td>
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<td>Front office and billing efficiency within the practice</td>
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<tr>
<td>Relationships with healthcare plans (relationship management of payers/contacts)</td>
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<tr>
<td>Reimbursement levels (from payers)</td>
<td>5</td>
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<tr>
<td>Government regulations – are we complying?</td>
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</tr>
<tr>
<td>Patient Satisfaction/ customer service</td>
<td>9</td>
</tr>
<tr>
<td>Convenient location(s) for patients-Medical offices?</td>
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</tr>
<tr>
<td>Providing the right services to meet patient demand?</td>
<td>9</td>
</tr>
<tr>
<td>Facility appearance conveys practice image?</td>
<td>9</td>
</tr>
<tr>
<td>IT systems</td>
<td>9</td>
</tr>
</tbody>
</table>
PREPARE

GATHER INFORMATION

Financial
1. Revenue History
2. P&L
3. Budgets and variances

Patient Flow
1. Number of patient visits
2. Number of new patients
3. Number of surgeries
PREPARE | ANALYZE INFORMATION

- Historical patterns
- Year over year differences
- SWOT Analysis
- Competitive Analysis
- Comparison to benchmarks
  - Internal
  - External - Industry Benchmarks
SWOT EXAMPLES

STRENGTHS
Location
Reputation
Staff Experience
Control of Managed Care Contracts
High Market Share
Referral Network
Experience Management

WEAKNESSES
Aging Providers
Office Appearance
High Debt
Underutilizations of Physical Space
High Expenses
Poor Systems
Chaotic Processes

OPPORTUNITIES
Build Out Space
Add Subspecialists
Add/Expand Optical
Open Additional Office
Acquire Retiring Physician’s Practice
Acquire/Build Surgery Center
Add New Services

THREATS
Loss of Key Contract
New Competitors
Closing of Surgical Facility
Hospital Backed Practice
Merger of Competitors
Loss of Referral Source
Multi-Specialty Practice Adding Ophthalmology
PREPARE | PREPARATION OF INFORMATION FOR PRESENTATION TO PHYSICIANS/OWNERS

Reports of key data

Summarize but have details available

Use visuals
  - Graphs
  - Charts
  - Pictures
Visual Presentation
Revenues and Expenses

Note: This data is provided as a sample only and is not associated with an actual practice.
STRATEGIC PLANNING MEETING

Keys

Minimize Distractions

➢ Time & Place

➢ Retreat?

Ensure Participation by Key Stakeholders

➢ Owners

➢ Administrator

➢ Employed Doctors/Optometrists

➢ Supervisors

➢ Outside moderator
STRATEGIC PLANNING MEETING
Use an Agenda

- Welcome to set the stage and purpose of the meeting
- Review data and progress reports
- Identify areas of need
- Define options (Strategic and/or Tactical)
- Decide which to implement
- Assign tasks
- Summarize
STRATEGIC PLANNING MEETING

Allow discussion, but …

Stay on topic

Record decisions and assignments.

Distribute summary after meeting with decisions and assignments.
## DECIDE
What changes are we going to make?

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Tactic</th>
<th>Timeline</th>
<th>Assignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expand geographic coverage</td>
<td>Merge with Dr. Williams</td>
<td>End of February</td>
<td>Dr. Smith</td>
</tr>
<tr>
<td></td>
<td>Build office in Smallville</td>
<td>August 1st</td>
<td>Maria</td>
</tr>
<tr>
<td>Add Subspecialists</td>
<td>Recruit glaucoma doctor</td>
<td>September 1st</td>
<td>Dr. Jones</td>
</tr>
<tr>
<td></td>
<td>Recruit retina doctor</td>
<td>January 1st</td>
<td>Dr. Brown</td>
</tr>
</tbody>
</table>

- **Services offered**
- **Internal Processes**
- **Providers**
- **Offices**
- **Collaborations/Partnerships**
- **Marketing**
- **Assignments**
## WRITE THE PLAN
The written plan should answer:

<table>
<thead>
<tr>
<th>WHAT</th>
<th>WHY</th>
<th>WHO</th>
</tr>
</thead>
<tbody>
<tr>
<td>What are we going to do?</td>
<td>Why are we doing it?</td>
<td>Who is going to do it?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>WHEN</th>
<th>HOW</th>
<th>HOW</th>
</tr>
</thead>
<tbody>
<tr>
<td>When will it be done?</td>
<td>How will it be accomplished?</td>
<td>How much money will it cost?</td>
</tr>
</tbody>
</table>

Prepare Pro Forma Budget
REMEMBER THIS SITUATION?

The practice that has 3 doctors, all very busy:

1. One doctor wants to hire another physician to help carry the overhead burden.

2. Another doctor thinks that a managed care plan with very low reimbursement should be dropped.

3. The third doctor has been pushing to open a satellite office near OD referrals.
## PRO FORMA BUDGET

<table>
<thead>
<tr>
<th></th>
<th>Current Year</th>
<th>Change</th>
<th>Projected</th>
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</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>3,000,000</td>
<td>Revenues</td>
<td>3,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Drop insurance plan (250,000)</td>
<td></td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td>2,000,000</td>
<td>3% Inflation</td>
<td>2,060,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Add doctor (net expense)</td>
<td>100,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Add Staff</td>
<td>70,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Open satellite</td>
<td>175,000</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>2,000,000</td>
<td></td>
<td>2,405,000</td>
</tr>
</tbody>
</table>

**Available for doctors**

- **Current Year**: 1,000,000
- **Projected**: 345,000

**Difference** = $655,000
PRO FORMA BUDGET

To stay even with the current year, we need $655,000 in additional revenues.

At $150 average revenue per patient, we need 4,367 additional patients.

Does the practice have enough demand to generate that additional patient flow?

Who is going to see those patients?

Are there other ways the practice can structure the finances?
IMPLEMENT

Delegate as appropriate

Establish reporting schedule

Establish projected budgets

Monitor progress
  Monthly reports
  Doctor meetings

Evaluate Results

Repeat the strategic planning process
CONCLUSION

1. We are in challenging times.

2. Strategic planning helps us make better choices when facing difficult decisions.

3. Implementation is critical for success.

Hope is a strategy…it’s simply not the best strategy!
Thank You

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