



## SIMPLE BUT POWERFUL SOLUTIONS THAT PRODUCE RESULTS

### Does *Your* Planning Approach Help You Move *Your* Organization Forward?

Healthcare leaders have plenty of reason to be cautious; the uncertainties of reform, the recession, and limited access to capital to name just a few.

### This Business Took Needed Bold Action -What Can We Learn?

Large drug companies create, market and protect a limited number of highly profitable blockbuster drugs by make big R & D investments. AstraZeneca capitalized on its unique knowledge of pharmaceuticals, physicians and dispensing patterns to help insurers manage their drug formularies.

AstraZeneca chose an approach that propelled them beyond their existing business strategy. Traditional planning methodology would not have produced the same result.

Healthcare organizations have varied paths to success. For many, continuous incremental improvement is the best course. Others see fundamental change the way care is organized and delivered as critical to success.

*Choose the planning approach that matches your intent, or the planning approach will define your vision for you.*

### Which Of These Planning Approaches Will Move Your Organization Forward?

**Traditional** planning frameworks methodically analyze existing customers, markets and competitors to define and exploit opportunities. Established industry business structures and frameworks define boundaries. Typical focus is on expanding existing programs or taking market share from the other guy. They rarely consider new roles or ways to create value or sustainability. Resulting strategies are aimed at being better, faster or more cost effective.

**Scenario Planning** or visioning identifies and evaluates alternative futures or tests potential changes in markets, technologies or business models. A strong base case derived from exiting industry norms and trends is used to evaluate alternative futures identified by “what if” questions.

**Blue Ocean Strategy** is aimed at creating new demand, new customers, or new markets by offering “valued” services or features rather than trying to compete more effectively in existing markets. Traditional competition becomes irrelevant in this approach.

- Callaway Golf targeted non golfers intimidated by the sport, gave them a club head so huge they couldn't miss the ball, and won over duffers in the process.
- Southwest Airlines chose price, service, speed, and frequent point-to-point departures as its competitive business approach.

*Playscripts* planning looks to creating sustainability by re-defining the roles, relationships, practices, and the ways stakeholders add and capture value. Rethinking roles, customer relationships, alternative ways to add value (and revenue) drove change at AstraZeneca. Other examples:

- A well known public relations agency near financial collapse recognized its design and placement service was not viable. Competing more aggressively for this low margin business was not the answer. Instead it became a “consulting” partner helping reach desired customers adding and cementing client loyalty.
- Ikea bought forests in Poland to ensure a long term supply of raw materials essential to its world wide furniture business.

### **Choosing The Right Planning Approach Will Create Greater Alignment Between Vision and Strategy and Help You Move Forward**

Whether you favor a “do what we do best” approach or seek to change the way your organization relates to consumers, physicians, and payors, aligning your vision and planning approach is important.

Organizations pursuing innovative and often disruptive strategies such as bundling payment are more likely to succeed when it's planning approach supports new thinking about organizing and delivering care. Organizations convinced that the path to success is more narrowly focused will not be well served by a planning approach that champions fundamental change.

- Thinking about a new way to organize and deliver care? Consider using some combination of Scenario, Blue Ocean and Playscript methodology.
- Thinking about continuous improvement within the existing industry framework? Consider a more traditional approach.

While, getting your organization aligned on your vision and planning approach may not eliminate differences in opinion, it can provide a framework for agreement on a path forward.

If you would like to talk further about your approach to strategy formulation, please contact us by phone or email at your convenience.



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